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Japan

Tokyo's Demands at U.S. Aviation Talks Viewed

OW0707074395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Jul 95 Morning Edition p 7

[FBIS Translated Text] A package of Japanese Government demands for more cargo flights for Japanese airlines was revealed to the United States at the Japan-U.S. aviation talks on 6 July. The United States has restricted the number of cargo flights by Japanese carriers, and the package of demands focuses on increasing the number of cargo flights by Japanese airlines. Highlights of the package demands are that the United States 1) relax its restrictions on cargo flights by Japanese carriers to Chicago; 2) allow Japanese airlines to transport cargo to the United States from Kansai International Airport; and 3) grant Japanese airlines "beyond rights" for air cargo. The Ministry of Transport is believed to be planning to break the deadlock at the vice-ministerial aviation talks by presenting a compromise proposal that Japan will relax restrictions on "beyond rights" for the Federal Express Company, a major U.S. cargo carrier, for its cargo flights.

Japanese carriers have been placed at a considerably disadvantageous position in the air cargo field, and the Ministry of Transport aims to expand the rights and interests of Japanese airlines by breaking the deadlock at the vice-ministerial talks. Japan Airlines (JAL) and Nippon Cargo Airlines (NCA) to Chicago have been restricted to a total of eight cargo flights to Chicago under a provisional agreement reached between Japan and the United States in 1989. The two Japanese carriers hope to increase their cargo flights to Chicago, where air cargoes are concentrated in the United States. The two Japanese airlines do not have a single exclusive cargo flight to the United States from Kansai International Airport, which opened last year.

The Ministry of Transport presented the package of demands at the Japan-U.S. vice-ministerial talks held in mid-June. At the Japan-U.S. vice-ministerial aviation talks that resumed on 5 July, "both sides were feeling out how the other side thought of their specific proposals," (says the Civil Aviation Bureau). On the U.S. demand that Japan unconditionally accept the request from the Federal Express Company, Japan is still sticking to the position that the "transportation of air cargoes by U.S. carriers with their huge "beyond rights" runs counter to the mutual interest that the U.S. Aviation Agreement stipulates."

U.S. Interpretation of Auto Accord Said Concern

OW0707132595 Tokyo SANKEI SHIMBUN in Japanese 30 Jun 95 Morning Edition p 11

[First article of a three-part series by Geneva correspondent Genji Oyamada: "Defective Auto Agreement: Concerns That U.S. May Interpret the Agreement One-Sidedly"]

[FBIS Translated Text] 29 Jun — Japan and the United States reached an agreement in their last-ditch auto negotiations and outwardly applauded each other for making efforts to reach an agreement. Yet differences in interpretation of the written agreement have already surfaced between the two countries because U.S. negotiators expressly wrote some figures in their own document that were not found in the agreement document. What was the agreement after all? And what impact will the agreement have in the future?

Possibility of Auto Talks Breaking Down Was 90 Percent

It was the morning of 28 June, the deadline set by the United States for slapping sanctions on Japan. In Geneva, where the last-ditch auto negotiations were held, all Japanese officials involved in the auto negotiations were prepared for a "breakdown."

A Ministry of International Trade and Industry [MITI] official said, rubbing the sleep out of his eyes in a hotel: "The possibility of the auto negotiations breaking down is 90 percent. Tokyo is seriously drafting a comment on the breakdown to be issued by our minister." What happened in Tokyo, where it was the evening of 27 June because of the seven-hour time difference? Kachis [name as published], a trade attache in the U.S. Embassy in Tokyo, is said to have phoned Takao Tominaga, managing director of the Japan Automobile Manufacturers Association, to say, almost crying: "Mr. Tominaga, please do something by calling MITI officials in Geneva. It will be impossible for Tokyo and Washington to reach an agreement if the auto talks go on as they have been. What should I do?"

The situation was strained at this point. Yet MITI Minister Ryutaro Hashimoto, who held the ministerial talks with U.S. Trade Representative Mickey Kantor, took a different view. The last round of the ministerial talks was scheduled to be held at 1100 local time on the morning of 28 June. They secretly held their talks at 0830 after Kantor had phoned Hashimoto eight hours earlier, but they called a recess soon afterward. It was just prior to resuming their talks.

Hashimoto said: "I intended to stay here this evening. But he (Kantor) told me that circumstances would not permit him to do so." The expression on his face was soft despite the grim situation. In fact, however, Kantor began showing a willingness to make concessions to Hashimoto in the talks held in the morning of 28 June. The morning talks averted another breakdown in the negotiations. Remarks by Kantor at the morning talks were kept secret.

In the afternoon, Kantor began abruptly making concessions by saying, "The Japanese Government need not guarantee numerical targets. Let us listen to Japanese automakers on their plans. Please, call in experts." A Japanese official in charge of briefing the plans was hastily called into the ministerial talks, and then a deal was struck between Hashimoto and Kantor. A senior MITI official says, "The deal was abruptly struck between Hashimoto and Kantor."

Voluntary Plans Hold Trump Card

As anticipated, the trump card was voluntary plans by five major Japanese automakers that have been the focus of contention in the auto negotiations. Cynically, however, this issue caused another confrontation between Japan and the United States a few hours later. Clear differences surfaced between a joint statement document and a document released by the U.S. As a result, it became unclear how far the two sides agreed.

For example, the joint statement document said that the purchase of American-made auto parts by Japanese automakers will be increased from 000 to 000 by 1998, leaving blank the specific figures for the purchase of American-made auto parts by Japanese automakers per year and for expanded production of cars by Japanese automakers in the United States. It is unprecedented for an agreement document to be full of holes [mushikui]." Yet MITI insists that it is a formal document.

Blanks Filled In

The document released by the United States was found to have all the blanks filled in. What is more, a senior U.S. Government official stated, "We have clear figures." His statement was interpreted to mean that the figures were numerical targets. It is safe to say that Japanese negotiators have fought against numerical targets. In fact, the joint statement document expressly said, "The Governments of Japan and the United States will not interfere in private business."

Minister Hashimoto and Japanese negotiators rebuffed the U.S. interpretation by claiming, "U.S. negotiators are speaking unilaterally." It can be said that including voluntary plans made by the private sector in the joint statement document itself, even if specific figures were left blank, could be interpreted to mean that the Japanese and U.S. Governments have interfered in private business affairs, and there is no way to argue against that interpretation. If the document released by the United States expressly contains the figures, the possibility is strong that the United States will interpret the figures unilaterally.

Prime Minister Tomiichi Murayama spoke highly of the agreement: "Washington understood Japan's position." He could not make such an easygoing statement in light of the possible U.S. unilateral interpretation of the document.

It is certain that the joint statement is so ambiguous and unusual that it will be disadvantageous to Japan. Like the Japanese semiconductor industry, which was bound by figures, the automobile industry will probably be haunted by similar nightmarish figures.

Paper Urges Calm Reaction to U.S. Kodak Claim

OW0607150495 Tokyo SANKEI SHIMBUN in Japanese 5 Jul 95 Morning Edition p 2

[Editorial: "Abuse of Article 301 Is Nuisance"]

[FBIS Translated Text] Following the auto issue, the United States has singled out Japan's film and photographic paper market for criticism, saying the market is causing trade friction. In response to claims by the U.S. Eastman Kodak Co. that "Japan's photographic film and paper market has a closed nature," the USTR Office has announced that it will investigate Japan's photographic market based on Section 301 of the U.S. Trade Act (retaliatory measures against unfair trade practices). The USTR Office plans to launch an investigation of Kodak's claims over the next year and call on Japan to open the market. If no agreement is reached, the U.S. Government plans to take measures.

Lately, the United States in turn announced its actions based on Section 301 of the U.S. Trade Act. Since the enactment of the Trade Act in 1974, Washington, under the act, including the Super 301 Provision or Special 301, has conducted investigations into 98 trade areas. This means that the United States has investigated five trade areas a year on average, and it is no wonder. Although the Japanese people have become "habituated to trade friction," it is important for both the government and the private sector to react calmly to the U.S. announcement.

In the past, the U.S. Government invoked the trade act in 11 trade areas: four with the EC, three with Japan, two with Canada, and two with Brazil. In other words, the United States has made its trade partners open their markets under threat of sanctions. The U.S. Government is up to its old tricks.

Sanction measures like Section 301 run counter to the agreement of the newly established World Trade Organization (WTO). In this sense, it is hard to understand why the Clinton administration, which has announced its support of the WTO, repeatedly violates the agreement.

Eastman Kodak filed a petition with 250-pages with the USTR Office, claiming that it has suffered a loss amounting to $5.6 billion in the past 20 years due to Fuji Photo Film's unfair business practices. Kodak alleges that 1) its share in Japan is below 10 percent, and that is surprisingly low; 2) Fuji Photo Film excluded Kodak's products from Japan's distribution system by asking its four wholesale agents to discourage Kodak sales; 3) Fuji is paying extremely progressive rebates to sales agents to hold prices; and 4) Fuji has established a distribution network under the "keiretsu" system in conspiracy with the Ministry of International Trade and Industry [MITI].

Kodak, like other U.S. industries, seems to be pointing at Japan's distribution system, or distribution control by manufacturers. Although the USTR Office wants to hold negotiations on this matter with MITI, the point is whether Japan's Fair Trade Commission is able to apply the Antimonopoly Act to this case. Therefore, the Japanese Government should take a calm position on the issue while taking advice from the Fair Trade Commission. The issue stems from an interindustry confrontation between Kodak and Fuji, and we wonder why they cannot wok it out with each other. In this sense, we cannot help thinking the government's deep involvement in the issue would deviate from deregulation policies.

Okinawan Towns Urge Agreement on KAB Noise

OW0507055395 Naha RYUKYU SHIMPO in Japanese 4 Jul 95 Morning Edition p 1

[FBIS Translated Text] The governments of one city and two towns [Okinawa city and Chatan and Kadena towns] located around the Kadena Air Base [KAB] have decided to call on the Japanese Government and the U.S. Forces to conclude "an agreement on preventing noise pollution" caused by KAB. With regard to this decision, an Okinawa Prefectural Government [OPG] source welcomes the plan, saying: "It is excellent," (as stated by Tatsuo Matayoshi, director of the Governor's Executive Office).

At a session of the Tripartite Committee held last March, the OPG reached an agreement with the U.S. Forces, and the Naha Defense Facilities Administration Bureau, both members of the committee, on mutual efforts to reduce noise pollution. Since then, the OPG has been collecting information to prepare an appeal to the Ministry of Foreign Affairs on the need to conclude an agreement to limit night flights.

In indicating the OPG's positive approach toward this issue, Director Matayoshi said: "Consultations will be held with local cities and towns as to whether the appeal should be submitted to the U.S. Forces in Okinawa or to the Japan-U.S. Joint Committee. As far as the OPG is concerned, we would like to provide indirect support for the city and town governments."

Noise Pollution 'Chronic Problem'

OW0707121095 Naha RYUKYU SHIMPO in Japanese 5 Jul 95 Morning Edition p 2

[FBIS Translated Text] Ginowan — Three neighboring local governments near Kadena Air Base [KAB] have revealed plans to call for a "noise prevention accord" so that they can request both the Japanese Government and the U.S. Military to suspend U.S. flight training activities at night. In response, four other cities and villages near the U.S. Marine Corps Air Station [MCAS] in Futenma decided to take similar action toward an accord regulating noise pollution from the station.

On 4 July, Ginowan city offered a preliminary proposal that Nakagusuku Village, Kitanakagusuku Village, Urasoe city, and Ginowan should jointly formulate a noise prevention accord and that they should work with the central government and the U.S. military to reach the accord. Now that the three local governments basically agree on this proposal, working-level coordination is expected to start as early as next week. After that, leaders of these cities and villages are likely to hold a meeting.

Regarding noise pollution from the MCAS, a "three-member liaison committee" — consisting of the U.S. Military, the Naha Regional Defense Facilities Administration Bureau, and the Okinawa prefectural government — agreed in talks in 1992 that U.S. flights and engine tune-up activities be restricted during 2200-0600 [local time], as at KAB.

However, during night training the U.S. Military conducted in early June this year, helicopters flew over residential areas even after 2300 hours. Noise from helicopters constantly measured 70 decibels, exceeding environmental standards and causing a flood of complaints from local residents. As seen here, noise pollution has already become a chronic problem afflicting the local people.

Ginowan has repeatedly asked for suspension of U.S. night flight training and flights over residential areas. But the problem has never been solved. Given this situation, some hope that joint action by cities, towns, and villages near U.S bases toward a "noise pollution accord" can lead to a breakthrough.

Ginowan Mayor Seiken Tobaru stressed: "Noise pollution from the MCAS is beyond endurance. The four cities and villages will cooperate with each other in working with the U.S. military to conclude an appropriate accord so that the noise pollution regulation will be put into effect with certainty." At the same time, the mayor indicated that he intends not only to promote drawing up the accord but also to hold a meeting with leaders of local governments.

U.S. Military Noise Pollution Issue Viewed

OW0707120795 Naha RYUKYU SHIMPO in Japanese 5 Jul 95 Morning Edition p 5

[Editorial: "Let Us Turn Our Attention to the 'Quiet Night Agreement' Proposed by the Three Municipalities"]

[FBIS Translated Text] It is the earnest desire of the people living around Kadena Air Base [KAB] "to regain a quiet life and be able to sleep in peace, if only during the night." Okinawa City and the townships of Kadena and Chatan, whose residents have been continuously disturbed by noise caused by military aircraft, have decided to jointly ask the Japanese Government to conclude an aircraft noise prevention agreement. The Cold War structure has collapsed, and this year marks the 50th anniversary of the end of World War II. However, it seems that aircraft noise pollution will never let up, and the local residents' wishes continue to be ignored. Thus, the three municipalities have finally decided to stand up against this "abnormal situation."

In the past, Kadena officials have requested U.S. Military authorities to conclude an agreement on preventing aircraft noise, based on results of their own noise-level measurements. Last year, Kadena officials made a formal request in writing. However, they were turned away at the door and told that the matter was beyond the jurisdiction of local military authorities.

There is a precedent regarding an agreement on preventing noise pollution caused by aircraft at U.S. military bases. In 1963, the Japan-U.S. Joint Committee approved a set of "measures to reduce aircraft noise" as a result of repeated requests by a number of municipal governments surrounding Atsugi station in Kanagawa Prefecture. A similar agreement has already been concluded regarding Yokota Air Base in Higashi (East) Kyoto.

In 1993, there were 19,069 occurrences of aircraft noise around KAB, compared to 10,968 around Atsugi and 15,358 around Yokota Air Base. This clearly shows that the level of noise pollution around KAB far exceeds that around other bases. The noise level around KAB last year is best described in complaints by local residents. Some complained: "We cannot sleep," while others complained: "Our blood pressure rises." Noise levels exceeding 70 decibels — equal to the level of the clamorous sound of a ringing telephone bell right next to one's ear — occurred over 22,000 times. This means that residents around KAB are suffering nearly twice as much damage from noise pollution as people living around the Atsugi base.

It can be assumed that concrete steps have not been taken in Okinawa to adopt the so-called "Atsugi formula" because of the differences in the stances taken by the different municipalities in regard to their military base policies. However, municipal officials made an epoch-making move when they decided to overcome their differences and join hands. It is natural to unite when interests coincide — more so when attempting to settle military base-related issues, the resolution of which is difficult because the problems are surrounded by thick walls.

Among the main pillars of the draft agreement on prevention of aircraft noise compiled by Kadena are: 1) halting all aircraft flight activities and engine tuning from 1900 to 0700 every day and all day on Saturdays, Sundays, and holidays and during junior and senior high school examination periods; 2) not conducting low-altitude flying and aerial combat exercises in the air space around the KAB airfield; and 3) using soundproof facilities whenever tuning engines. The draft will likely be used as a basis for further discussion among the three municipalities.y

In February 1994, a court ruling was handed down in the first trial over a lawsuit filed in complaint against KAB aircraft noise. What prompted this lawsuit was the local residents' desire "for a quiet night where one can sleep in peace." Although compensation was partially approved, the court turned down the request for discontinuing night flights — the pillar of the lawsuit. The three municipalities' action is a culmination of protests voiced by local residents, and this is likely to have a significant effect on the outcome of the lawsuit.

The prefectural government, which is also burdened with important military base-related issues, has welcomed the three municipal governments' moves. However, in addition to providing lateral support, the prefectural government should take the initiative in implementing concerted action. After all, it is the prefectural government's responsibility to assure the people of quiet nights.

Government Postpones 15 Aug War-End Ceremony

OW0407081595 Tokyo KYODO in English 0748 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The Japanese Government will postpone an Aug. 15 ceremony marking the 50th anniversary of the end of World War II, a top government spokesman said Tuesday [4 July].

Chief Cabinet Secretary Kozo Igarashi made the announcement at a news conference.

The announcement came as some ruling coalition party leaders are suggesting the ceremony be postponed to coincide with the Asia-Pacific economic talks in Osaka in November.

Mandela Explains Apartheid Abolition to Emperor

OW0707001095 Tokyo NHK General Television Network in Japanese 0300 GMT 4 Jul 95

[Announcer-read report; from the "NHK News" program]

[FBIS Translated Text] Ceremonies to welcome South African Republic President Nelson Mandela, who is visiting Japan as a state guest, were held at the guest house in Motoakasaka, Tokyo, today.

Events to welcome visiting state guests are normally held at the front court of the guest house, but the event this time was held inside the building because of rain — for the first time in two years.

The emperor introduced the crown prince couple and Prime Minister Murayama to President Mandela. Later on, a meeting was held in a palatial building in the Imperial Palace, and President Mandela explained to the emperor that the apartheid policy — racial segregation policy — has been annulled in his country. In response, the emperor welcomed the fact that it has become possible for all the people to participate in the government of the nation.

President Mandela took the opportunity to extend a formal invitation to the emperor and empress to visit South Africa.

President Mandela is due to attend a welcome dinner hosted by the emperor and the empress at the palace tonight.

Interviewed on Japanese Investment

OW0707014895 Tokyo NHK General Television Network in Japanese 1022 GMT 4 Jul 95

["Exclusive" interview with South African President Nelson Mandela by an unidentified NHK reporter at the Guest House in Tokyo, date not given; from the "NHK News 7" program — recorded]

[FBIS Translated Text] In an exclusive interview with an NHK reporter at the Guest House in Tokyo, South African President Mandela stressed that Japan's cooperation in reconstructing South Africa is indispensable, and called upon Japan to expand its investment in his country.

[Reporter] President Mandela has worked to build a new foundation for South Africa by seeking reconciliation between the whites and the blacks after he took office last May. Now that the building of the foundation has been completed, the basic purpose of his visit this time is to seek cooperation from Japan in reconstructing the economy of his country.

[Begin Mandela recording in English] Our intention is to better the lives of the majority of the people of South Africa. And that way we will better their lives by creating jobs and by building houses, hospitals, clinics, and schools. If the reconstruction and development program, in which Japanese investors, Japanese business, and the Japanese Government are taking a direct interest, and devoting resources to ensure that that program is successful. [sentence as heard] [applause] [end recording]

Kono Said To Favor South African Invitation

OW0707132495 Tokyo SANKEI SHIMBUN in Japanese 6 Jul 95 Morning Edition p 3

[FBIS Translated Text] Yohei Kono, deputy prime minister and concurrently foreign minister, attended Prime Minister Tomiichi Murayama's meeting with South African Republic President Nelson Mandela on 5 July and indicated his positive stance on visiting that African country. No Japanese foreign ministers have ever paid a visit to South Africa due to the apartheid (racial segregation) policy long upheld by the governments just before the current one. Kono will be the first foreign minister to enter the nation if his visit materializes.

At the summit, Mandela told Murayama, "I would like top Japanese Government-level officials to visit South Africa." Foreign Minister Alfred Nzo, who was at the talks, then requested an official visit by Kono. "I would like to take the invitation seriously," Kono replied, demonstrating his strong intention to arrange the visit at an early date. The Ministry of Foreign Affairs [MOFA] started schedule coordination aimed at carrying out the plan in the fall.

Initially, MOFA considered sending Kono during the late April Golden Week holiday season. However, with the industrialized nations' (Halifax) summit approaching, the MOFA put priority on his visit to former Yugoslav regions such as Croatia because of its judgment that "Bosnia will become an important issue at the summit" (according to a MOFA source).

President Mandela will end his diplomatic engagements in Japan on 6 July and head for his next destination, South Korea.

Foreign Ministry Sources Cited on DPRK Ties

OW0707112195 Tokyo KYODO in English
1100 GMT 7 Jul 95

[FBIS Transcribed Text] Tokyo, July 7 KYODO — Japan's Foreign Ministry sees Kim Chong-il, heir apparent of late North Korean President Kim Il-song, as possibly taking the presidential post by Oct. 10, ministry sources said Friday [7 July].

Pyongyang's ruling Workers Party of Korea will mark the 50th anniversary of its establishment Oct. 10. The presidential post has been vacant since Kim Il-song died July 8 last year.

The ministry does not expect Kim Chong-il's mourning for his father to go much beyond a year, the sources said. Pyongyang will establish a new administration this fall while promoting an open-door policy, they said.

The ministry plans to propose that North Korea and Japan resume talks in as early as August to normalize relations amid Pyongyang's softening attitudes as seen in such matters as its request for food aid from Japan and South Korea, the sources said.

Sources close to bilateral relations predict that normalization talks will not open until Pyongyang and Washington agree on establishment of liaison offices, saying North Korea is primarily focusing on improving ties with the United States.

Talks have been stalled since November 1992 when the North walked out in protest of Japan's request for confirmation of the safety of a Japanese woman allegedly kidnapped by Pyongyang to train agents.

Japan has said it can resume talks at any time but has not received a clear reply from Pyongyang, according to a senior Foreign Ministry official.

Official on Importance of Inter-Korean Dialogue

SK0707105995 Seoul YONHAP in English
1054 GMT 7 Jul 95

[FBIS Transcribed Text] Tokyo, July 7 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) designed to supply light-water reactors to North Korea, would hardly function properly without smooth inter-Korean dialogue, a Japanese Foreign Ministry official said here Friday.

At a breakfast meeting with South Korean correspondents, the official expressed concern about the lack of progress in South-North dialogue.

He emphasized North Korea should be more positive toward dialogue with South Korea if only to make the KEDO sail smoothly.

Saying that the resumption of normalization talks between Japan and North Korea has been delayed due to the upper house elections and summer vacation, the official said Japan-North Korea rapprochement talks would proceed in the direction of inducing North Korea's door-opening.

The official also said there would be more debate in Japan on whether or not the North Korean nuclear question can be regarded as having been resolved with the inauguration of the KEDO.

Loading of Rice Aid for DPRK Starts 7 Jul

OW0707140695 Tokyo KYODO in English
0804 GMT 7 Jul 95

[FBIS Transcribed Text] Tokyo, July 7 KYODO — Loading of 8,000 tons of Chinese rice for shipment to North Korea as Japan's food assistance started at Tokyo port on Friday [7 July] afternoon, government officials said.

The rice is part of 44,000 tons allotted as the first consignment to North Korea, which is facing a severe food shortage.

The loading of the rice on a North Korean freighter is expected to take about 10 days and if it goes smoothly, the ship will depart for North Korea on July 20 and is expected to arrive there July 25, the officials said.

Loading of more rice will begin early next week upon the arrival of other ships at Tomakomai, Yokohama, Niigata, Nagoya, Osaka and Kobe ports, the officials said.

Japan has agreed to provide 300,000 tons of rice to North Korea.

Funds Offered to UNRWA for Headquarters Move

OW0707101195 Tokyo KYODO in English
0931 GMT 7 Jul 95

[FBIS Transcribed Text] Tokyo, July 7 KYODO — Japan disbursed 2 million dollars Friday [7 July] to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to help it move its headquarters from Vienna to Gaza and Amman.

Foreign Ministry spokesman Terusuke Terada told a press conference that 1.4 million dollars of the money will be used to help UNRWA build its headquarters in Gaza and 600,000 dollars to build an annex in the Jordanian capital of Amman.

The cost of building the new headquarters is estimated at 13.5 million dollars. Prior to Japan's contribution, a total of only 1 million dollars had been donated from three countries — the United States, Turkey and Portugal.

Terada said Japan made the financial contribution to support the Middle East peace process and also to encourage financial donations by other countries.

UNRWA, set up in 1950, has provided relief, health and education services for some 3 million Palestinian refugees in Lebanon, Syria, Jordan, the West Bank and the Gaza Strip.

It was originally based in Beirut, but tentatively moved its headquarters to Vienna in 1978 due to deteriorating public order in Lebanon.

The UN General Assembly in 1993 adopted a resolution urging the organization to move its headquarters as soon as possible to areas where its activities are located.

Malaysia Renews Call for Japan To Join EAEC

OW0707010695 Tokyo KYODO in English 0017 GMT 7 Jul 95

[FBIS Transcribed Text] Sapporo, July 7 KYODO — A high-ranking Malaysian official has renewed his country's call for Japan to join the East Asian Economic Caucus (EAEC).

"The Japanese say they are studying (participation in the EAEC), but they have been saying 'study' for long time," Asmat Kamaludin, secretary general of the International Trade and Industry, said in an interview with KYODO news service on Thursday [6 July].

"When we talk about East Asia geographically, obviously we think Japan should be in the group," he said.

Asmat denied some allegations that the EAEC would lead to the formation of a regional economic bloc and would thus divide the Asia-Pacific Economic Cooperation (APEC) forum.

"Does NAFTA (North American Free Trade Agreement) divide APEC? Does ASEAN (Association of Southeast Asian Nations) divide APEC? The answer is no," said Asmat.

"I don't see why the EAEC would affect APEC," he said.

Asmat said Malaysia supports nondiscriminatory application of APEC accords to nonmembers.

"Our position is APEC should not be blocked against other countries. We support multilateral treatment," he said.

Nondiscrimination is one of eight principles expected to be included in the action agenda — a set of action guidelines to be formalized at the Nov. 19 informal APEC summit in Osaka to realize the Bogor declaration.

Asmat is in this northern Japan city to attend ongoing high-level APEC sessions meant to craft the action agenda.

Current Account Surplus With Southeast Asia Up

OW0607121195 Tokyo KYODO in English 1132 GMT 6 Jul 95

[FBIS Transcribed Text] Tokyo, July 6 KYODO — Japan's current account surplus with Southeast Asia last year soared 26.5 percent from the previous year, exceeding its surplus with Western industrial nations for the first time, the Finance Ministry reported Thursday [6 July].

The surplus totaled a record 72,007 million dollars, compared with a surplus of 70,050 million dollars with the member nations of the Organization for Economic Cooperation and Development (OECD), the ministry said in releasing international balance of payments data for 1994 with various regions of the world.

The 25-nation OECD comprises the United States, member nations of the European Union (EU) and other industrial nations.

Japanese exports to Southeast Asia last year surged 17.5 percent to 134,035 million dollars, the ministry said.

It attributed the booming exports to a fast growth in shipments of auto and electronic parts to Japanese transplants in Southeast Asia.

Japan's current account surplus with the U.S. rose 8.1 percent to 54,960 million dollars, the highest level since 1987.

The ministry said the increase in dollar-based surplus, stemming from the yen's appreciation on the foreign exchange market, was a temporary phenomenon and the surplus is likely to decrease in the coming months.

Japan also posted a record current account deficit of 7,683 million dollars with China, up 232.7 percent, the ministry said.

Imports of clothes, fish and other goods from China surged 33.1 percent to 23,527 million dollars, another record.

Ichiro Ozawa Interviewed on Upper House Election

OW0607122495 Tokyo TOKYO SHIMBUN in Japanese 30 Jun 95 Morning Edition p 2

[Interview with Ichiro Ozawa, secretary general of the New Frontier Party, by unidentified TOKYO SHIMBUN reporter; place, date not given]

[FBIS Translated Text] [TOKYO SHIMBUN] What will be the major theme for the campaign of the New Frontier Party [NFP] in the upcoming upper house election?

[Ozawa] Needless to say, the major theme will be "reform" or "conservatism." We will ask voters to make a choice between reform and conservatism in the election. Our party has continued to claim that conventional policies can do nothing and reform must be carried out to defend peace and make the people's life affluent. The government formed by the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ] is speaking of "reform." Looking at the issue of administrative reform, which has been the most important task for the Murayama cabinet, it appears that nothing has been reformed. The Murayama cabinet has neither the intention nor the ability to carry out administrative reform.

[TOKYO SHIMBUN] "Reform" will entail pain for the people. What is your comment?

[Ozawa] The time has come for reform to be carried out. My view is that if all politicians work hard to the point where the reforms are put into effect without shedding blood, then the difficulty of carrying out reform would be removed without shedding blood.

[TOKYO SHIMBUN] How many seats is the NFP going to win in the upcoming upper house election?

[Ozawa] The NFP aims to win a majority of seats (64 seats) out of the seats up for reelection in the upcoming upper house election. It is a matter of course for a party capable of taking over the reign of government to seek that number of seats. The NFP will do all it can do to gain the majority of seats in the upcoming upper house election.

[TOKYO SHIMBUN] What do you think of the growing number of the population segment with no party affiliation.

[Ozawa] There is no reason for the segment with no party affiliation to exist. The people are seriously thinking about which party will really fulfill their expectations. Under these circumstances, there will be no way left for the NFP but to show its true and honest intent to voters.

[TOKYO SHIMBUN] How will do you think the political situation will develop after the upper house election?

[Ozawa] I do not know how the LDP and the SDPJ will view the results of the upper house election, the domestic and foreign situations, and their responsibility for the people. How the political situation will develop following the upper house election depends on how they view those things. If the LDP and the SDPJ think first of keeping their present coalition government in place with no regard for the nation and policy, the Murayama government, to my regret, will continue into the future.

[TOKYO SHIMBUN] What is your party's strategy to take back power?

[Ozawa] Basically, there is no way for our party but to regain power through the elections. The only way for our party to seize power is to gain a majority of seats in the elections. I believe that it is desirable for our party to seek quickly the people's confidence when the time is ripe for our party to seize power. It is desirable for a system to be created in which politics is practiced properly.

[TOKYO SHIMBUN] When do you think the lower house election will be held?

[Ozawa] I do not know. The LDP and the SDPJ are sparing nothing to keep their coalition government in place. The lower house election could be a contributing factor for the two ruling parties' loss of power. Whether to hold the lower house election is up to the two ruling parties. Yet we have no intention of avoiding the dissolution of the House of Representatives and the holding of a general election. I personally hope the House of Representatives is dissolved and the general election is held.

[TOKYO SHIMBUN] Both the ruling and opposition parties are demanding the realignment of the established parties. What do you think?

[Ozawa] They are making that demand because the 1955 system has not divided (political parties) on the basis of policy. It is necessary for more and more political groups to be formed on the basis of policy differences. I believe that the established parties will move in that direction in the future.

[TOKYO SHIMBUN] Complaints are heard within the NFP about the way you run it. What is your comment on the complaints?

[Ozawa] There are various views within our party, and I am not bothered by those complaints. Every member of our party has to do all he can do in his post. I have been engaged in politics for 25 years. If only one person continues to complain, he would accomplish nothing. Some members of our party are complaining that no winds favorable to their party will be blowing in the upcoming upper house election, but the favorable winds are something that they have to create. A kite cannot remain airborne without wind.

Hashimoto: LDP Not Ready To Retake Power

OW0707133395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Jul 95 Morning Edition p 2

[FBIS Translated Text] Minister Ryutaro Hashimoto of the Ministry of International Trade and Industry [MITI] gave a speech on the afternoon of 2 July in Hamamatsu, Shizuoka Prefecture on his visit to support Liberal Democratic Party [LDP] candidates in the upcoming House of Councillors election. In his speech, Hashimoto said: "The LDP has not yet recovered sufficient confidence to ask the people to let it resume the reins of government." He thus indicated his view that LDP is still on its way to rebuilding the party. Hashimoto is said to have scored points by settling Japan-U.S. auto talks while taking into account the general election in the fall. In stressing his own positive achievements, Hashimoto said: "Since I was appointed MITI minister, I have been busy trying to restore our ties with the United States, which Mr. Hosokawa (former prime minister) severed. After succeeding in settling one issue after another, we have managed to settle the auto issue at long last."

Kubo: Murayama Should Resign if SDP Defeated

OW0407105995 Tokyo KYODO in English 1043 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Prime Minister Tomiichi Murayama should resign as premier to take responsibility if his Social Democratic Party (SDP) is badly defeated in the July 23 House of Councillors elections, SDP Secretary General Wataru Kubo reiterated Tuesday [4 July].

Kubo indicated in a press conference that he will resign as SDP secretary general if the party suffers a major defeat in the upper house election, to take responsibility "in a form that everybody understands."

"The most important thing in politics is to take responsibility for the outcome," he said.

Kubo said he believes the SDP can take at least 15 seats through prefectural constituency polls and around nine through proportional representation. He said the SDP aims to win a total of 25 to 29 seats.

Murayama has said he hopes the SDP will take at least 22 seats, but media predictions suggest that is unlikely.

Half of the 252 upper house seats are up for grabs every three years.

Judge Halts Aum Libel Suit Against TV Station

OW0407120895 Tokyo KYODO in English 1101 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The Tokyo District Court on Tuesday [4 July] suspended the hearing of a libel suit brought by Aum Shinrikyo against a private television network over a program on the religious cult.

Presiding Judge Hideki Nakagome made the decision after both the plaintiff and defendant did not appear at the first court hearing of the suit against Tokyo Broadcasting System Inc. (TBS).

In the suit, Aum accuses TBS of broadcasting a defamatory program about it, and seeks 10 million yen in compensation.

The suit says the program, aired Jan. 15, linked Aum to a nerve gas attack in central Japan and noxious fumes reported near Aum's complex at the foot of Mt. Fuji.

Aum's key members have been indicted in connection with the Tokyo subway gas attack and the group is being investigated on suspicion of carrying out the nerve gas attack in Matsumoto, Nagano Prefecture, central Japan, in June last year.

The libel trial will be canceled if Aum does not set a date for the next hearing within three months.

Aum has filed two other libel suits against mass media with the Tokyo District Court. The hearings on those have also been suspended.

Aum Group Used 'Sarin-Releasing' Car in Attack

OW0707114995 Tokyo KYODO in English 1131 GMT 7 Jul 95

[FBIS Transcribed Text] Tokyo, July 7 KYODO — Arrested followers of the Aum Shinrikyo religious cult have said they parked a remodeled "sarin releasing" vehicle in a nearby parking lot while on a scouting mission before the deadly nerve gas attack in a residential area in Matsumoto, central Japan, in June last year, police sources said Friday [7 July].

Aum "internal affairs minister" Tomomitsu Niimi and other members have told police they parked the car in a supermarket parking lot while other followers were scouting the targeted site in a different vehicle.

After the other followers gathered information about the wind and traffic around the site, they moved the remodeled car to the site and released the lethal gas, the sources said.

Police have already concluded that 16 or 17 members of the cult were involved in the gas attack.

Senior cult members now under arrest or already indicted in connection with the March 20 nerve gas sarin attack on Tokyo subways have confessed that the attack was carried out for cult leader Shoko Asahara.

Asahara, 40, whose real name is Chizuo Matsumoto, has been charged with murder and attempted murder in the Tokyo subway gas attack and is also under arrest for the killing of a follower.

Seven people died and some 200 were injured in the Matsumoto attack, while 12 people died and more than 5,500 others were injured in the Tokyo subway attack.

The sources said police suspect the cult's "science and technology minister," 36-year-old Hideo Murai who was killed by a self-claimed rightist in April, masterminded the attack but are trying to find out what Asahara's instructions were.

Lethal Gas-Releasing Devices, Locations Noted

OW0707031695 Tokyo KYODO in English
0158 GMT 7 Jul 95

[FBIS Transcribed Text] Tokyo, July 7 KYODO — A lethal gas-releasing device found early Wednesday in a men's room at Tokyo's Shinjuku station was designed to unleash cyanide gas through an exhaust duct onto a platform, police sources said Friday [7 July].

Police suspect those who planted the device in the underground rest room at JR [Japan Railways] Shinjuku station's east exit were aware of the exhaust system and attempted to kill passengers on the platform, they said.

There are six underground rest rooms at the station, and the one at which the device was found has an exhaust duct leading to a vent close to a platform.

The device had a timer designed to cause a chemical reaction between cyanide soda and sulfuric acid to produce cyanide gas.

A similar device was also found Tuesday evening at Tokyo's Kayabacho station on the Hibiya subway line, one of the lines hit by the March 20 nerve gas attack on Tokyo's subway system that killed 12 people and injured some 5,500 others.

Murayama Told Economy 'Slightly Worsening'

OW0507060895 Tokyo KYODO in English
0459 GMT 5 Jul 95

[FBIS Transcribed Text] Tokyo, July 5 KYODO — Japan's top economic planner told Prime Minister Tomiichi Murayama on Wednesday [5 July] that Japan's economy is slightly worsening, judging by recent data, officials said.

In a meeting with Murayama at the premier's official residence, Masahiko Komura, director general of the Economic Planning Agency [EPA], said the agency will assess the state of the economy on the basis of the economic data in its monthly report to be released next Tuesday, the officials said.

Komura's comment reflected the weak industrial output index in May, which decreased 0.3 percent from the previous month, and May's housing starts drop of 11.1 percent from a year earlier, they said.

The remarks are taken as indicating that the July report May revise downward the assessment in the June report which said the economy was on a moderate recovery path.

Shinshinto Proposes 'Pump-Priming' Measures

OW0707091795 Tokyo KYODO in English
0903 GMT 7 Jul 95

[FBIS Transcribed Text] Miyazaki, Japan, July 7 KYODO — The largest opposition party Shinshinto (New Frontier Party) on Friday [7 July] unveiled a proposed package of emergency economic pump-priming measures that calls for implementation of 10 trillion yen in public investments.

The package, announced in the city of Miyazaki, southern Japan, by Takashi Yonezawa, Shinshinto vice president, also proposes freezing land-holding tax and advocates a sharp reduction in corporate tax.

Yonezawa said such economic steps should all be funded by issuing government's bonds. He said, however, "The fiscal balance may be damaged for a moment, but we have no options."

With the package of proposals, if implemented, Japan's economy can grow 3 percent in the later half of the current fiscal year, said Yonezawa.

The package includes 5 trillion yen in additional expenditures for expansion of Kansai International Airport and promotion of new Shinkansen bullet train lines, he said.

At the same time, by investing another 5 trillion yen, the party wants to establish new information infrastructure and a new "life network system" to help a Japanese society that is rapidly aging, Yonezawa said.

He also said public funds should be used for resolving the problem of nonperforming loans which has overshadowed Japan's economy and that liquidity of land trading should be boosted by freezing of the landholding tax and reducing other related taxes.

For preventing the hollowing out of industries, the opposition party proposes that corporate tax should be lowered to below 40 percent from around 50 percent, he said.

New Party Sakigake on Plan for Real Estate Bank

OW0407120295 Tokyo KYODO in English
1105 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The smallest party in the ruling coalition unveiled a plan Tuesday to establish a real estate bank with public funds to purchase 20 trillion yen worth of property over a three-year period.

New Party Sakigake said the plan, called the New Dream Economic Program, calls for financial institutions to get rid of nonperforming loans within five years.

The program requires commercial banks, long-term credit banks and trust banks to disclose the amount of their bad loans for which the interest burden has been abandoned or relieved.

For regional banks and credit unions, the plan seeks the disclosure of nonperforming loan amounts and claims on customers who are in financial straits, the party said.

The plan also proposes cuts in vehicle registration and real estate acquisition taxes, it said.

Sakigake is the smallest party of the tripartite coalition, which also includes the Liberal Democratic Party and the Social Democratic Party of Japan.

BOJ Announcement on Boosting 'Sagging' Economy

OW0707030495 Tokyo KYODO in English
0242 GMT 7 Jul 95

[FBIS Transcribed Text] Tokyo, July 7 KYODO — The Bank of Japan (BOJ) said Friday [7 July] it will allow short-term interest rates on the money market to fall below the official discount rate to bolster the sagging economy.

The BOJ made a similar announcement just before it slashed the official discount rate — the rate the central bank charges on its loans to commercial banks — to a record low 1.0 percent per annum in mid-April.

The central bank, in a brief announcement, said it considers it appropriate to bring short-term interest rates lower on the money market to stimulate the money flow.

The statement said the central bank presumes that interest rates on the money market will fall below the official discount rate.

In its observation on the prevalent economic situation, the central bank said the economy continues on a recovery path but the pace of recovery seems to be stagnant, causing downward pressure on commodity prices.

Growth of the money supply remains slow, and uncertainties still prevail over portfolio markets, it said.

The central bank said it decided to take the monetary step to stimulate economic activity, expressing concern about the adverse impact of price falls on the entire economy.

Bank Denies Plan To Cut Official Discount Rate

OW0707061295 Tokyo KYODO in English
0517 GMT 7 Jul 95

[FBIS Transcribed Text] Tokyo, July 7 KYODO — The Bank of Japan said Friday [7 July] it will lead short-term money rates lower to prevent economic recovery from stalling but denied it is planning to cut the official discount rate.

"The decision to guide short-term interest rates lower isn't a prelude to a cut in the base rate," Kunio Kojima, the bank's executive director, told reporters.

The central bank's announcement to guide short-term interest rates lower March 31 had been followed by a 0.75 percentage point cut April 14 in the official discount rate — which the central bank charges on its loans to banks — to a record low 1.0 percent per annum.

The executive director said the central bank judged there is no need to reduce the base rate under the circumstances, which he said are different from those in April when the yen was rapidly surging against the U.S. dollar.

The central bank said in a statement the bank judged it appropriate to guide money market rates lower through supply of ample funds to further strengthen monetary support for economic activity, keeping in mind possible adverse effects of price falls on the economy.

The monetary step is a kind of preventive measure because concern about future excessive price falls and their unfavorable impact cannot be ignored, Kojima said.

But the present situation is not one of deflation, he said.

The statement said the central bank expects the key overnight unsecured call money in interbank trading will move down below the official discount rate on average.

Since interest rates are set freely, however, the central bank has no intention of setting specific targets, the executive director said. Record low of 0.80 percent just after the central bank announced the decision. [sentence as received]

On the economic situation, the statement said that although economic recovery continues, it appears to be stalling somewhat, causing downward pressure on commodity prices.

Growth of the money supply remains slow, and uncertainty lingers in bond and stock markets, it said.

Kojima said the central bank cannot judge at present whether the economic standstill is temporary, continuing or turning round but there is no big downside risk, citing expected increases in public investment and corporate capital spending.

Business Group on Public Fund Use for Bad Loans

OW0407130995 Tokyo KYODO in English
1217 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Leaders of an influential business group Tuesday [4 July] expressed reservations about the use of public funds to help financial institutions cope with problem loans.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), told a press conference that financial institutions, before receiving public funds, should clarify their responsibility for bad loans, bring pay scales down and carry out the same amount of restructuring as manufacturers have.

Despite those conditions, Ushio said he still does not favor use of taxpayers' money to bail out banks.

Yuzaburo Mogi, association vice chairman who also attended the news conference, said the question about why banks should be eligible for public bailout funds must be answered, adding they have yet to fully restructure themselves.

Masaji Shinagawa, also vice chairman of the association, said taxpayers' money should not be used to take over nonperforming loans from banks and called for full disclosure of such loans.

Two other major business groups — the Federation of Economic Organizations (Keidanren) and the Japan Chamber of Commerce and Industry — have expressed support for the use of public funds.

Smaller Firms Capital Spending Continues Falling

OW0407115595 Tokyo KYODO in English
1056 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Capital spending by smaller companies in fiscal 1994 decreased 4.5 percent from the previous year for the third consecutive fall, the Small Business Finance Corp. reported Tuesday [4 July].

The governmental corporation said of the 21 industries it surveyed, seven, including chemicals and precision instruments, reported increased plant and equipment investment in fiscal 1994.

For fiscal 1995, smaller businesses plan capital outlays 15.1 percent less than the previous year, the corporation said. Five industries, including steel, nonferrous metal and textile, intend to increase spending.

Corporation officials said food makers and other firms relying on domestic demand are curbing capital spending due to the yen's steep appreciation and in anticipation of an unseasonably cool summer this year.

FTC Suggests Firms Pressuring Subcontractors

OW0707064095 Tokyo KYODO in English
0426 GMT 7 Jul 95

[FBIS Transcribed Text] Tokyo, July 7 KYODO — Some big companies may be illegally pressuring subcontractors to cut prices or take other steps because of the high yen, the Fair Trade Commission (FTC) said Friday [7 July].

A survey of large firms and their suppliers found the subcontractors to be suffering more than the parent firms from the soaring yen, with some cases involving possible conflict with Japan's antitrust or subcontracting laws, a commission official said.

The antitrust watchdog said in its report simply that it will increase its supervision to see that legal problems do not arise.

Of the subcontractors, 62 percent said they received some pressure to cut costs, but the official told reporters the survey does not clearly indicate whether such pressure is illegal or part of normal business practices.

More troublesome legally, 5.7 percent reported parent companies seeking to set prices after transactions, 3.2 percent said the parent companies wanted to delay payment, 1.8 percent said they were requested to pay "cooperation money" and 1.8 percent said the big companies sought to stick them with their surplus workers, according to the survey.

The survey, the first of its kind, was conducted in late January when the yen was around 100 to the dollar, and was intended to gauge companies' reactions to the yen's rise over the previous two years, the official said. With the yen now around 85 to the dollar, the problems noted in the survey have likely worsened, he noted.

Of the 2,049 companies it surveyed, the FTC received responses from 1,262 parent companies with capital of at least 650 million yen, for a response rate of 62 percent. Of the 3,773 targeted supplier firms, only 1,248, or 33 percent, responded.

MITI Announces Industry Reform-Law Decision

OW0407095995 Tokyo KYODO in English 0934 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The Ministry of International Trade and Industry (MITI) announced a decision Tuesday [4 July] to apply a temporary law for reforming industries to 35 more industries, effective Monday.

MITI officials said the action, part of the government's additional economic stimulation measures announced June 27, will raise to 200 the total number of industries to which the law applies.

The law, which allows special depreciations for lower tax assessments for more equipment, was implemented in April under the government's economic package to deal with the effects of the yen's surge on the foreign exchange market.

Manufacturers of plastics for industrial use are among the sectors to which the law will apply.

First Nuclear Reprocessing Plant Opening Delayed

OW0707054995 Tokyo KYODO in English 0453 GMT 7 Jul 95

[FBIS Transcribed Text] Aomori, Japan, July 7 KYODO — The opening of Japan's first nuclear fuel-reprocessing plant, now under construction in the village of Rokkasho, Aomori Prefecture, northern Japan, will be delayed until June 1997, the operator of the plant said Friday [7 July].

The opening of the facility, which is to reprocess spent nuclear fuel, had originally been set for April 1996, Japan Nuclear Fuel Ltd. said.

The company, mainly owned by the nation's nine major electric power companies, cited a delay in construction work due to tougher-than-expected winter weather conditions and time-consuming procedures for obtaining permission for construction of a spent fuel storage facility.

There are no reprocessing facilities in Japan at present, forcing domestic power companies to send spent nuclear fuel to France and Britain under contracts that the reprocessed material is shipped back to Japan.

Japan relies on nuclear power plants for about 30 percent of its electricity supply.

DA Chief Reports to Cabinet on White Paper

OW0607133695 Tokyo MAINICHI SHIMBUN in Japanese 30 Jun 95 Evening Edition p 1

[FBIS Translated Text] At a cabinet meeting on 30 June, Director General Tokuichiro Tamazawa of the Defense Agency [DA] gave a report on the 1995 version of the defense white paper, after which the white paper was approved by the cabinet.

The white paper has a chapter on "Future Issues for Japan's Defense," which points out that a review of the Self-Defense Forces' defense capability, including its organization, composition, and deployment, is necessary to cope with the post-Cold War period where its tasks are now focused mainly on dealing with regional conflicts.

Furthermore, with regard to a redefinition of the Japan-U.S. security setup, the white paper reemphasizes Japan's conviction that "the significant role of the alliance will be recognized (under the new situation)."

The white paper also calls for dialogues and exchanges to ensure the visibility and reliability of the military capability and defense policies of all nations.

In a section on the "International Military Situation," the white paper reiterates the perception stated in last year's white paper: "The future of the international community remains uncertain and a clear direction has not developed."

With regard to regional conflicts, which symbolize the post-Cold War period, the white paper's analysis is: "Territorial, ethnic, religious, and other conflicts have emerged and have sharpened, creating an increasing danger."

Discussing the role of the United Nations in conflict resolution and prevention, the white paper also touches on the limitations of the United Nations: "There are rising expectations, and UN peacekeeping operations have expanded in scale as attempts are also made to undertake missions transcending traditional frameworks." However, "these have not all been successful."

Turning to the military situation around Japan, the document expresses Japan's apprehension that the DPRK (North Korea) "is not only suspected of developing nuclear arms, but is also engaged in research and development to extend the range of its missiles." It says: "Japan is deeply concerned."

With regard to Russian forces in the Far East, the white paper points out: "While their activities are at a low level, there is still a stockpile of substantial combat capability, which constitutes a factor of uncertainty."

While the white paper also mentions China's increasing defense spending, its three rounds of nuclear tests since last year, and tensions with neighboring countries over the sovereignty of the Nansha (Spratly) Islands, the document limited itself to the expression that "these developments require close, continuous observation."

Aoshima Vows To Continue Waterfront Project

OW0407101295 Tokyo KYODO in English
0902 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Tokyo Gov. Yukio Aoshima on Tuesday [4 July] reassured executives of companies planning to invest in the Tokyo metropolitan government's waterfront development project, giving them a pledge to continue the project.

Aoshima dismayed some business concerns when he canceled an international city expo that was set to open next spring, to keep a promise made during his election campaign.

Aoshima apologized for the cancellation to executives of 10 companies that have concluded contracts with Tokyo to start business at the new center being constructed in Tokyo Bay.

In his meeting with the business executives, Aoshima said he will continue the development of the waterfront business center after reviewing it to make the project better suited to current social and economic conditions.

"I will try to make you feel reassured about investments in the project," he said.

North Korea

Koreans' Cause of Reunification Supported Abroad

SK0607215595 Pyongyang KCNA in English
1521 GMT 6 Jul 95

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — Solidarity functions supporting the Korean people's cause of national reunification were held in various countries in the month of solidarity with the Korean people (June 25-July 27).

The Mt. Paektu Czech-Korean Friendship Association, the 2001 Association of the Czech Republic and the Federation of Slavs in a joint appeal called upon all countries, the United Nations and the U.N. Security Council to make efforts for the implementation of the resolution of the 30th U.N. General Assembly session.

The appeal called upon the world community to urge the withdrawal of the U.S. Forces from South Korea with all their nuclear weapons and conduct more extensive activities for solidarity with the Korean people, thus contributing to the peaceful reunification of Korea.

Angel Castro Lavarello, president of the Left Revolutionary Union of Peru, made a speech at the meeting for opening the month of solidarity with the Korean people held in Peru.

He demanded that the United States withdraw its nuclear weapons and aggression forces from South Korea, sincerely implement the DPRK-U.S. framework agreement and respond to the proposal for establishing a new peace mechanism on the Korean peninsula.

The speakers at the meetings held in Cairo of Egypt and Karachi of Pakistan said that the United States and the South Korean puppets continue their moves of division and war adventure although more than 40 years have passed since the end of the Korean war.

They expressed full support to and solidarity with the Korean people in their cause of national reunification.

Sukwa S. Sukwa, general secretary of the Youth Union of Tanzania, said in a statement that if a peace mechanism is to be established on the Korean peninsula, it is imperative to disband the "U.N. Forces Command" and withdraw the foreign troops from South Korea as pointed out in the resolution of the 30th U.N. General Assembly session.

Om Prakash Mantri, secretary general of the Asian Regional Committee To Support Korea's Reunification, in a protest letter addressed to the U.S. President said that the Asian people consider there is no justification for the United States to keep its huge military forces and nuclear weapons in South Korea under the present international situation in which the Cold War has come to an end.

Letters to the great leader Comrade Kim Chong-il were adopted at meetings.

Kim Chong-il at Kim Il-song Memorial Service

SK0707104495 Pyongyang KCNA in English
1039 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — A national memorial service is being solemnly held in

Pyongyang on the first death anniversary of the great leader President Kim Il-song.

Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army, is present at the service with senior party and state officials.

Participating in the service are over ten thousand people in Pyongyang and from across the country including workers, cooperative farmers, officers and men of the Korean People's Army, intellectuals and overseas Koreans. The participants paid a silent tribute in humble reverence to the memory of President Kim Il-song who devotedly worked for the prosperity of the country, the happiness of the people, the reunification of the country and the cause of human independence to the last moment of his life.

Memorial address and speeches will be made there.

The participants in the service are filled with the firm resolution and spirit to uphold President Kim Il-song forever as the sun of chuche and vigorously struggle for the accomplishment of the socialist cause, the revolutionary cause of chuche, firmly united around Comrade Kim Chong-il. The service is being solemnly held in this atmosphere.

Seen in the place are such slogans as "The great leader Comrade Kim Il-song will always be with us", "Let us hold the great Comrade Kim Il-song in high esteem for all ages as the eternal leader of our party and people and the sun of chuche excel" and "Let us accomplish the chuche revolutionary cause, true to the behests of the great leader Comrade Kim Il-song!"

Foreign Officials Praise Kim Chong-il's Work

SK0607102995 Pyongyang KCNA in English 1012 GMT 6 Jul 95

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — The great leader Comrade Kim Chong-il's work "Giving Priority to Ideological Work Is Essential for the Accomplishment of the Socialist Cause" is evoking great repercussions upon foreign public figures.

Indian member of parliament Hanan Molla in an interview with a KCNA correspondent said:

The work published by Comrade Kim Chong-il is a historical document of great theoretical and practical significance in advancing the world socialist movement at present.

This work is a general declaration for the triumph of the socialist ideology today when the imperialists and the reactionaries of the world are launching a vicious ideological offensive against socialism.

I fully support the unique idea and theory of the outstanding leader Comrade Kim Chong-il on giving priority to ideological work.

Assemblyman Charles Ndlov, member of the Central Committee of the Zimbabwe African National Union-Patriotic Front, said in a press statement:

The work of the great leader Comrade Kim Chong-il is a strong declaration to the imperialists and renegade socialists trying to stamp out socialism and a true textbook of struggle, an inspiring banner to the people of the world who aspire after independence.

We fully support his work and extend deep thanks to him for providing an immortal library which indicates the road to the ultimate triumph of socialism.

N.A. Kabakov, first secretary of the Khabarovsk Territorial Committee of the All-Union Communist Party of Bolsheviks, said:

The work of the great leader Comrade Kim Chong-il is a powerful militant weapon for strengthening and development of the present socialist movement.

The socialist cause is sure to be accomplished thanks to the great programme, an encyclopedic and victorious banner for the accomplishment of the socialist cause which he put forward, reflecting the desire and aspirations of the people.

I send warmest thanks to Comrade Kim Chong-il, the outstanding leader of the present era who has given the key to the victory of the human cause of independence and socialism.

Professor on Kim Chong-il's Ideological Work

SK0407044095 Pyongyang Korean Central Broadcasting Network in Korean 0948 GMT 3 Jul 95

[Talk by Dr. Yi Chae-kon, associate professor and department head at Kim Il-song University; from the "Rays of Chuche" program: "A Decisive Guarantee To Strengthen the Main Forces of Socialism and Enhance Their Roles, Thereby Accelerating Revolution and Construction"]

[FBIS Translated Text] In his classical work "Giving Priority to Ideological Work Is an Essential Requisite for Accomplishing the Socialist Cause," the great leader Comrade Kim Chong-il states that strongly arming the popular masses with socialist ideas is a decisive guarantee to strengthen the main forces of a socialist society and enhance their roles, thereby vigorously accelerating revolution and construction.

The great leader Comrade Kim Chong-il has pointed out that strongly arming the popular masses with socialist ideas is a decisive guarantee to strengthen the main forces of a socialist society and enhance their roles, thereby vigorously accelerating revolution and construction.

The main forces of a socialist society are the popular masses. The socialist cause is cultivated by the main forces of the revolution and is victoriously built and completed by them. In this respect, the course of cultivating and completing the socialist cause is the course of strengthening the main forces of the revolution and enhancing their roles.

It is the popular masses that build a socialist system; it is also the popular masses that possess socialist ideas, the main forces of socialism that manage and operate a socialist system.

When we strengthen the main forces of socialism and endlessly enhance their roles, only then we can highly display the superiority of the socialist system and accelerate revolution and construction, thus completing the socialist cause.

We must strongly arm the popular masses with socialist ideas to strengthen the main forces of a socialist society and must enhance their roles, thereby accelerating revolution and construction. We must effectively conduct education in socialist ideas to strongly arm the popular masses with socialist ideas. When we effectively conduct education in socialist ideas, only then can we ideologically awaken the popular masses, strongly unite them, and ensure they fulfill their responsibility and role as the main forces of socialism and the masters of the state and society.

When the popular masses strongly unite as one and struggle with a high ideological consciousness, they can demonstrate their boundless strength and wisdom and can bring about great change in reforming nature and society. The incomparable superiority of socialism and its invincible might lies in the fact that socialism forces the boundless strength and wisdom of the popular masses, the main force of history, to be fully and highly displayed. They also refer to the superiority and strength of socialist ideas.

The superiority and strength of socialist ideas is determined by ideological work. We must strongly arm the popular masses with socialist ideas to highly demonstrate the superiority and invincible strength of socialism. Strongly arming the popular masses with socialist ideas is a decisive guarantee in strengthening the main forces of a socialist society and in enhancing their roles, thereby accelerating revolution and construction. Therefore, to successfully conduct the socialist cause, we must consider ideology to be basic and must vigorously push ahead with the ideological work to arm the popular masses with socialist ideas, giving priority to this work over any other.

The great leader Comrade Kim Chong-il also stated that the course of the collapse of socialism in many countries proves how important the work of ideological education is. Parties in some countries that were building socialism considered the previously existing theories to be doctrinist and did not pay due attention to the ideological work of educating the popular masses, seeking only economic construction. As a result, they eventually destroyed the socialist system and revived capitalism.

Opportunists and betrayers of socialism abandoned the ideological work in socialist societies; introduced capitalist methods to inspire people with money; instilled individualism and egoism among the people; spread the bourgeois idea that money is everything; sympathized with the reactionary bourgeois propaganda about the efficiency and superiority of the capitalist market economy; called for the diversification of ownership; and totally destroyed the socialist economic system based on socialist ownership. The maneuvers by opportunists and betrayers of socialism are, no doubt, antirevolutionary maneuvers to (?discard) socialism and challenge its superiority, and to pave the way for the collapse of socialism and the revival of capitalism.

The course of the collapse of socialism in many countries provides a serious lesson that if a socialist society pays no attention to ideology and ignores the work of ideological education, this will make people ideologically ill and will change and destroy anything socialist; if the socialist ideological fortress is torn down, a socialist society cannot defend socialism no matter how powerful an economy and military it may possess. The course also proves how major a role socialist ideas play in carrying out the socialist cause, and how important ideological work is.

Because the great leader Comrade Kim Chong-il theoretically and practically elucidates the importance of ideological work in conducting the socialist cause, a basic guideline was provided that we must strongly adhere to in carrying out the socialist cause. This is another important achievement that the great leader Comrade Kim Chong-il has brought about in developing socialist ideological work and in conducting the chuche-oriented socialist cause.

Kim Chong-il's Works on Ideology, Chuche Noted

SK0607215495 Pyongyang KCNA in English
1514 GMT 6 Jul 95

["Famous Works Indicating Road of Revolution and Construction" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — The great leader Comrade Kim Chong-il brightly indicates the road of the revolution and construction by publishing a large number of works with his outstanding ideological and theoretical activities.

"Giving Priority to Ideological Work is Essential for the Accomplishment of the Socialist Cause" published by him on June 19 is an immortal programme of socialist ideological work, which comprehensively consummates and systematizes the theory on the ideological work of the working-class party fighting for socialism and a militant banner which powerfully encourages the cause of socialism.

In the work, Comrade Kim Chong-il comprehensively elucidated with ingenious theories the importance and significance of ideological work and its basic duty and contents, principles and methods in the accomplishment of the socialist cause on the basis of a scientific analysis of the practical experiences of the Korean revolution and of the actual conditions of the world's socialist movement.

Indeed, this is a great historical event in the struggle of the Workers' Party of Korea and the Korean people who are building socialism of Korean style under the banner of the chuche idea.

In the past period, Comrade Kim Chong-il published many works indicating the road of the revolution and construction.

He made public more than 890 important works over 30 years from June 1964 when he started work at the Central Committee of the Workers' Party of Korea to June last year.

These works give perfect answers to all the theoretical and practical matters arising in the revolution and construction.

In many works including "On the Chuche Idea" and "On Further Improving Party Ideological Work", Comrade Kim Chong-il formulated the revolutionary idea of the great leader President Kim Il-song, a guiding idea of the Workers' Party of Korea, as an integral system of ideology, theory and method of chuche and scientifically proved its historical position and great theoretical and practical significance.

Works published by him including "The Workers' Party of Korea is a Chuche-Type Revolutionary Party Which Inherited the Glorious Tradition of the DIU" [Down With Imperialism Union] and "The Workers' Party of Korea Organizes and Guides all the Victories of Our People" expound the ideology, theory and policies to strengthen and develop the Workers' Party of Korea into a chuche-type revolutionary party and to increase the party's leading role in the revolution and construction.

Expounded in "Let Us Bring the Advantages of Our People's Government Into fuller Play", "Let Us Overfulfil the Second Seven- Year Plan by Rousing the Whole Party and the Entire People Under the Revolutionary Slogan of Self-Reliance" and other works are unique idea and theory, tasks and ways to strengthen the people's government and the Army and develop the economy.

In "The Historical Lesson in Building Socialism and the General Line of Our Party", "Abuses of Socialism are Intolerable" and other works, he instilled the faith in sure victory of socialism into the hearts of the Korean people and hundreds of millions of people all over the world.

Notably, his work "Socialism Is a Science" published in November last year is an encyclopedia of socialism which perfects the ideal of the scientific socialist ideology and put it on the highest level on the basis of the great chuche idea and an immortal militant banner which indicates the victorious road of the human cause of independence, the cause of socialism in the present times.

Today, the Korean people are making strenuous efforts to accomplish the cause of socialism, remaining loyal to the idea and guidance of Comrade Kim Chong-il.

Papers Carry Epic on Kim Il-song, Kim Chong-il

SK0707153395 Pyongyang KCNA in English
1527 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — "Our Eternal Leader Comrade Kim Il-song" has been produced on the first death anniversary of the great leader President Kim Il-song.

NODONG SINMUN, MINJU CHOSON and all other Pyongyang-based papers today devote each one whole frontpage to the epic.

Kim Man-yong in the epic speaks of the undying revolutionary feats performed by President Kim Il-song for the times, revolution, country and people and of the faith and will of the Korean people to hold him in high esteem generation after generation.

The epic says the past one year was an imperishable year during which the world saw how Comrade Kim Il-song, a great human being, who was the first to be acclaimed by the Korean people as their great leader in the history spanning five thousand years, is alive in the hearts of the people no matter how much water flows under the bridge.

All the peoples expressed condolences over the death of President Kim Il-song, regardless of boundaries, nationality, religious belief, political view, customs and usage, the poem says, and continues:

The weight of his heart is that of the globe on which all people live, of justice and truth and of the times and history.

President Kim Il-song devoted his all to the happiness of the people and eternal prosperity of the country to the last moment of his life after he embarked upon the road of revolution.

President Kim Il-song put in our hands a key of shaping our destinies, gave the people a lever with which to move the globe and set a locomotive of revolution on the track of history.

The world and history do not know such a great human being, revolutionary and leader as our leader who conducted energetic activities for the good of the people and died in his office room.

The poem calls attention to the words of the dear leader Comrade Kim Chong-il that our leader is on the highest level in knowledge, military strategy and virtues, adding:

The "Song of General Kim Il-song" being sung throughout the world will be a paean of humankind for all ages.

The great leader Comrade Kim Chong-il has defended the revolutionary exploits of President Kim Il-song in their entirety and wisely led the Korean people to the accomplishment of the chuche cause.

Comrade Kim Chong-il is exalting the cause of the leader by indicating the path of history with the great light of chuche; he is Comrade Kim Il-song.

With Comrade Kim Chong-il, Comrade Kim Il-song is giving an impetus to the heart of humankind and walking toward a new century.

Officials Vow To Implement Kim Il-song Behests

SK0707050095 Pyongyang KCNA in English
0453 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — The officials of the Administration Council and its Secretariat met on Mansu Hill on July 6 on the first anniversary of the consultative meeting of leading officials in the economic domain presided over by the great leader President Kim Il-song.

Present there were Premier Kang Song-san, Vice-Premiers Hong Song-nam, Kim Yun-hyok and Kong Chin-tae and officials of the Secretariat of the Administration Council.

The participants laid a floral basket before the statue of President Kim Il-song and made a bow with feelings of reverence for him.

Then, resolutions were made.

The speakers said that the great leader Comrade Kim Il-song, presiding over the consultative meeting of officials in the economic domain on July 6 last year, set forth important tasks facing different sectors of the national economy and ways and methods for their implementation.

They declared that they would carry through the behests of Comrade Kim Il-song under the guidance of the great leader Comrade Kim Chong-il.

Execution of Kim Il-song's Economic Tasks Urged

SK0607054295 Pyongyang KCNA in English
0517 GMT 6 Jul 95

["NODONG SINMUN Calls For Full Implementation of Teachings of President Kim Il-song" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — It is one year since the great leader President Kim Il-song gave historic teachings at a consultative meeting of senior economic officials on July 6, 1994.

At the meeting President Kim Il-song gave an elucidation of the tasks to be carried out in different domains of the national economy and ways and methods of implementing them, which are guidelines for the Workers' Party of Korea and the Korean people in socialist construction.

On the occasion, NODONG SINMUN carries an editorial headlined "Let Us Thoroughly Implement Teachings of the Great Leader Comrade Kim Il-song."

The editorial says:

History does not know a great leader like Comrade Kim Il-song, who indicated a road ahead of the country and revolution to the last moments of his life and died in his office room.

The past one year witnessed a full display of the justness and invincible vitality of his teachings; it is one year characterized by struggle and progress, during which the Korean people brought about a sustained upsurge in socialist construction in hearty response to his intention.

In the period the imperialists and reactionaries intensified the campaign to stifle Korean-style socialism and the Korean people were confronted with a great many difficult challenges. The Korean people, however, achieved signal successes in the revolution and construction, courageously pulling through all difficulties without the slightest hesitation and vacillation under the leadership of the party, true to the teachings of Comrade Kim Il-song.

Experience clearly shows that Comrade Kim Il-song's teachings are, indeed, a banner of certain victory in the Korean revolution and that only when we carry them out, can we get over any difficulty and conquer any fortress.

The editorial calls for continuing to carry through the teachings of Comrade Kim Il-song under the guidance of the great leader Comrade Kim Chong-il.

It quotes Comrade Kim Chong-il as saying:

"Great efforts should be made to carry through the teachings of the leader."

The editorial further says full implementation of Comrade Kim Il- song's teachings is an important requirement for speeding up the revolution and construction and bringing about a greater prosperity of the country, the motherland as intended by Comrade Kim Il-song.

It calls for dynamically carrying on the revolution and construction.

To carry through the teachings of Comrade Kim Il-song is the most honorable and fruitful work to be loyal to the leadership of Comrade Kim Chong-il and exalt the undying feats of Comrade Kim Il-song generation after generation. Adds the editorial. [paragraph as received]

Armed Forces Symposium on Kim Chong-il's Slogan

SK0507043795 Pyongyang KCNA in English 0429 GMT 5 Jul 95

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — A symposium of the Ministry of the People's Armed Forces was held here on July 4 on the slogan "The great leader Comrade Kim Il-song will always be with us" set forth by Comrade Kim Chong-il, the respected supreme commander.

Present there were Choe Kwang, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and chief of the General Staff of the Korean People's Army, senior officials, generals and officers of the Ministry of the People's Armed Forces.

The participants paid a silent tribute to the memory of the great leader President Kim Il-song, who devoted all his life to the prosperity and development of the country, the strengthening and development of the revolutionary Armed Forces of chuche and the human cause of independence.

The speakers said that the party's slogan "The great leader Comrade Kim Il-song will always be with us" is a revolutionary slogan which reflects the unanimous desire and will of our people and the People's Army soldiers. This is because the slogan carries their ardent desire to hold him in high esteem forever as the sun of chuche, they noted.

His death does not mean the perpetual separation of the leader and the people, they stated, and stressed: Our leader will remain in the hearts of the people forever as he is their great leader, their great father, who was born for them and devoted all his life to them.

The speakers explained that to be true to the party's slogan is a firm guarantee for the accomplishment of the chuche revolutionary cause.

They said: Comrade Kim Chong-il, the respected supreme commander, is an outstanding thinker and theoretician, a great leader, an ever-victorious iron-willed brilliant commander and a tender-hearted father of the people unprecedented in the human history.

They called on the officers and men of the People's Army to firmly trust and follow the respected supreme commander, the destiny of their country and the revolution, as their mental support and become rifles and bombs to defend him on the forefront of the revolution at the risk of their lives, with the firm belief that respected Comrade Kim Chong-il means the great Comrade Kim Il-song.

Meeting Participants Reported

SK0507020095 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 4 Jul 95

[FBIS Translated Text] At the 8 February House of Culture yesterday, the Ministry of the People's Armed Forces held a debate meeting on the slogan "The great leader Comrade Kim Il-song will be with us forever," presented by Comrade Kim Chong-il, the respected and beloved supreme commander.

Present at the debate meeting were Comrade Choe Kwang, member of the Workers Party of Korea Central Committee Political Bureau and chief of the Korean People's Army [KPA] General Staff; KPA Vice Marshal Comrade Kim Kwang-chin; responsible officials of the Ministry of the People's Armed Forces; and generals and officers.

The participants observed a moment of silence in memory of Generalissimo Comrade Kim Il-song, the great leader who, throughout his life, devoted himself to the prosperity and development of the fatherland, the strengthening and development of the chuche-oriented revolutionary forces, and to mankind's cause of independence.

At the debate meeting, Vice Marshal Kim Kwang-chin, General Yi Pong-won, and Colonel General Kim Chong-kak debated that "the slogan 'the great leader Comrade Kim Il-song will be with us forever,' presented by Comrade Kim Chong-il, the respected and beloved supreme commander, is a revolutionary slogan reflecting the unanimous desire and will of our people and People's Army soldiers"; "the slogan 'the great leader Comrade Kim Il-song will be with us forever,' presented by Comrade Kim Chong-il, the respected and beloved supreme commander, is a just slogan containing profound ideological content"; and "thoroughly implementing the slogan 'the great leader Comrade Kim Il-song will be with us forever,' presented by Comrade Kim Chong-il, the respected and beloved supreme commander, is a firm guarantee to complete the chuche revolutionary cause."

Public Security Sector Meeting Discusses Slogans

SK0507051295 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 4 Jul 95

[FBIS Translated Text] On 4 July, on the first anniversary of the death of the great leader Comrade Kim Il-song, a debate meeting of the public security sector was held at the Ponghwa Art Center.

Present at the debate meeting were Comrade Kye Ung-tae, member of the Political Bureau of the Central Committee of the Workers Party of Korea and secretary of the party Central Committee; Paek Hak-nim, minister of public security; other functionaries concerned; and public security workers in Pyongyang.

The participants paid a silent tribute in memory of the respected and beloved leader Comrade Kim Il-song, who devoted his entire life for the prosperity and development of the fatherland, for the people's peace and happiness, and for the consummation of the socialist cause, and who accomplished immortal achievements in strengthening and developing the public security sector.

At the debate meeting, Generals Choe Mun-tok, Hwang Chin-taek, Pak Chung-kun, Yi Chung-ku, Cho Yong-nam, and Yi Hyon-min engaged in discussions on the topics "The great leader Comrade Kim Il-song is mankind's eternal sun"; "The great leader Comrade Kim Il-song is a prominent leader of the revolution who led the independent cause of the popular masses to brilliant victory"; "Being equipped with lofty virtues, the great leader Comrade Kim Il-song is a benevolent father of the people who formed a large happy socialist family"; "The great leader Comrade Kim Il-song is the most prominent leader of the working class who fully solved the problem of inheriting the revolutionary cause with brilliant farseeing wisdom"; "The great leader Comrade Kim Il-song is a benevolent father who brought up public security workers as true political defenders by embracing them in his broad arms"; and "By upholding the fatherly leader's behests, we should thoroughly implement our party's revolutionary economic policy and effect new upsurges in the public security work."

Motto of Late President Kim Il-song Outlined

SK0507152595 Pyongyang KCNA in English 1509 GMT 5 Jul 95

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — "Believing in people as in heaven" is the lifelong motto of the great leader President Kim Il-song.

The great leader Comrade Kim Chong-il said:

"Under the motto, 'the people are my god', which he adopted when he was young, Comrade Kim Il-song mixed with people, shared weal and woe with them and devoted his all for them, throughout his life."

Every nook and corner of the country is associated with the great and noble humanity of President Kim Il-song who had mixed with the people to share pleasures and pains of life with them till his heart stopped throbbing since he embarked upon the road of revolution in his teens.

A story of his deep love still remains in the memory of the people.

April 15, 1954 las the birthday of the president, the first after the war.

All the people of the country ardently wished he would take a rest only on this day. But he visited a rural village in Chunghwa County on the day. He sit at the edge of a plot and consulted farming work with peasants on familiar terms. He inspected a vast tract of wet land, easing the mind of peasants blocking him and chose the site of a fish farm.

When a new history of agricultural cooperativization was being created, the president was unwell. He told the officials asking him to have a rest that he could not relieve his fatigue nor be free from care without helping peasants to resolve knotty problems when they were at a loss what to do after cooperativization. He visited Chongsan-ri, Kangso County and indicated how agricultural cooperatives should be developed.

It was when he gave on-the-spot guidance to South Hamgyong Province defying the midsummer heat of August 1960.

It was far past one in the afternoon that he arrived in Chongpyong County after giving on-the-spot guidance to Choyang-ri, Hamju County, the Hungsang ceramic factory and the Hungsang youth poultry farm. He took a frugal lunch with officials at the house of the chairman of the county party committee and called a leading official to discuss county affairs, not minding his fatigue, and indicated how to improve the living standard of people in Chongpyong.

He gave such an unremitting on-the-spot guidance day after day.

Indeed, he had continued his on-the-spot guidance for the happiness of the people until June 1994 when he gave on-the-spot guidance to the Kumdang cooperative farm in Onchon County and the Taesong district cooperative farm ever since he called on workers in Kangson first after his return from the victorious anti-Japanese revolutionary struggle, even passing by his native village Mangyongdae 20 years after he left home.

Saying he should go wherever people live, he walked and walked all his life to see people in the teeth of snow and rain and cold wind, personally pushing his car along a path in a bog in the northern end of the country and starting a tractor by his car.

Unfolded on his brilliant footmarks is a history of great change.

The Korean people, well aware that their supreme happiness has been brought by the president's noble idea of "Believing in people as in heaven", are now feeling an irresistible yearning after him.

President Kim Il-song will be forever in the hearts of the Korean people through all ages.

Kim Il-song Praised by Indian Party Officials

SK0707045795 Pyongyang KCNA in English 0450 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — Written answers to questions put by the director of the Editorial Board and a journalist of KCNA on the first death anniversary of the great leader President Kim Il-song came from Indrajit Gupta, general secretary of the National Council of the Communist Party of India, Tridib Chouduri, general secretary of the Revolutionary Socialist Party of India, and Ragha Takur, general secretary of the All-India Socialist Party [spelling of names as received].

The general secretary of the National Council of the Communist Party of India wrote:

"It was Comrade Kim Il-song who liberated the Korean people by organising and leading them to an anti-Japanese war. He also defeated the aggressors by commanding the People's Army and the people of Korea in the forefront when the U.S. imperialists started an armed invasion on the DPRK at the beginning of the 1950s."

Pointing out that he came to know well why all the Korean people respect and revere Comrade Kim Il-song very deeply, the general secretary noted that Comrade Kim Il-song was not only an outstanding political leader but also the father of the Korean nation.

The general secretary of the Revolutionary Socialist Party of India wrote that Comrade Kim Il-song was not only the great leader of the Korean people but also an outstanding leader of socialist and progressive forces all over the world.

"I was deeply impressed by the noble personality and virtues of Comrade Kim Il-song and his deep knowledge of complicated questions including the world political issues and his clairvoyant intelligence," he stressed, adding:

"The life of Comrade Kim Il-song is the most brilliant one of a revolutionary, which must be followed by all the revolutionaries.

"The whole world will remember Comrade Kim Il-song as the greatest statesman forever."

The general secretary of the All-India Socialist Party pointed out:

"President Kim Il-song created the history of the greatest man ever in the human history by victoriously leading the Korean revolution and the world revolution, breaking through manifold trials and difficulties for a long period.

"The august name of President Kim Il-song will be remembered forever as one of a people's leader, a great fighter and a great revolutionary who devoted his whole life to the people.

"The Korean people are successfully carrying on the revolutionary cause which the great leader comrade President Kim Il-song left unaccomplished, as they have His Excellency Kim Chong-il, an outstanding statesman, as their supreme leader."

The future of Korea is very promising because of his tested guidance, the general secretary stressed.

Praised by African, Asian Leaders

SK0707051095 Pyongyang KCNA in English 0505 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — Written answers to questions put by mass media of the DPRK on the first death anniversary of the great leader President Kim Il-song came from President of the Republic of Senegal Abdou Diouf, President of the Republic of Uganda Yoweri Kaguta Museveni, and Prime Minister of the Islamic Republic of Pakistan Benazir Bhutto.

The Pakistani prime minister in her written answer to the question by the editor-in-chief of MINJU CHOSON said that she was deeply impressed by the fact that Comrade Kim Il-song, the great leader of the people of the Democratic People's Republic of Korea, was deeply versed in the world politics and international affairs.

He was, indeed, a great leader who led the Korean people along the road of independence and provided them with confidence and stable life, she stressed.

Pointing out that he had energetically worked for the socio- economic progress and the happiness of the Korean people in his lifetime, she said that his death is a great loss.

Pakistan and the Democratic People's Republic of Korea have maintained very intimate and friendly relations, she said, adding: The basis of such relations was laid by Zulfiqar ali Bhutto [spelling of name as received] and the great leader Comrade Kim Il-song.

She expressed the hope that the relations between the two countries based on the principle of friendship, cooperation and mutual respect would further develop in the future.

The Ugandan president in his answer to the question put by the director of the Editorial Board of MINJU CHOSON said that the devoted ideological, spiritual and material contributions made by the great leader Comrade Kim Il-song for the world revolution and the emancipation of the oppressed peoples over the world strengthened the blood bonds among revolutionaries and contributed to keeping flame of revolution and the flame of hope for and purpose of liberation flaring up.

Comrade Kim Il-song conducted activities without rest for the independence of the world people, he said, declaring:

The relations between the peoples of Korea and Uganda are always based on mutual cooperation and solidarity. This is a foundation of the relations between the two countries and will remain invariable in the future, too.

The Senegalese president in his answer to the question put by the director of the Editorial Board of KCNA said that he honored the memory of his excellency President Kim Il-song with reverence on the occasion of his first death anniversary.

He said:

Through the visit to the Democratic People's Republic of Korea, I knew well that he was the great leader of the Korean people who founded an outstanding idea and made tireless efforts.

We will never forget the great contributions made by him for the development of the friendly and cooperative relations between our two countries, he stressed.

His Excellency Kim Chong-il is making great efforts for the social, economic and cultural development of the DPRK, carrying forward the cause of his excellency President Kim Il-song, he said, and stressed:

I wish Comrade Kim Chong-il will lead the Korean people to peace and greater welfare, living up to their expectation.

Praised by Cambodia's Sihanouk

SK0607105395 Pyongyang KCNA in English 1032 GMT 6 Jul 95

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — King Norodom Sihanouk of Cambodia gave answers to questions raised by the director general of the Korean Central News Agency on the first death anniversary of the great leader President Kim Il-song.

In the answers King Norodom Sihanouk reiterated his most special and warm respect to His Excellency President Kim Il-song, the most prominent and respected leader of the great history of the Korean nation and people.

The Democratic People's Republic of Korea and the Kingdom of Cambodia have established fraternal relations replete with pure friendship and rich cooperation, which can be said to be a model, ever since diplomatic ties were forged between the two countries in 1964, the king said, and continued:

I will never forget full, unconditional, invariable, noble and eternal support of His Excellency Kim Il-song, the great leader of the Korean nation and people, to our struggle for national liberation and the building of a unified, sovereign, independent and non-aligned Cambodia.

I also will never forget particular favours shown by him for my wife, my family and my close helpers and for me so that I could discharge my mission for my country and people, that were so miserable from 1970. His most precious and infinite solicitude were a decisive contribution to the resurrection of a free, independent Cambodia, which made the Cambodian people masters of their destinies.

The imperishable cause of His Excellency Generalissimo Kim Il- song is being carried forward with credit by His Excellency Marshal Kim Chong-il, the most faithful and dignified heir to him and supreme leader of the Korean people and most outstanding successor and a genius of construction, who has built Korea, most developed and modernised in all aspects of the chuche-oriented building of socialism.

The king referred to the bilateral ties between the two countries, adding:

We, the Cambodian people, hope that so wonderful, precious relations of friendship, fraternal solidarity and cooperation existing between our two peoples will grow in strength.

I officially confirm my full and permanent support to the Democratic People's Republic of Korea, the only symbol of an independent Korea.

I will never recognize "Seoul."

Praised by Former PRC Official

SK0507215395 Pyongyang KCNA in English 1537 GMT 5 Jul 95

["'Looking Back on Noble Personalities and Virtues'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — Chen Lei, former governor of the Heilongjiang Provincial People's Government of China, and his wife Li Min, who were involved in the anti- Japanese revolutionary struggle, published an article headlined "Looking Back on Noble Personalities and Virtues."

The article, which consists of the preface and two parts, deals with the noble personalities and virtues of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il.

In the first part Chen Lei said Comrade Kim Il-song distinguished himself in wisdom and leadership art such as political view, military strategy and tactics and commanding art and showed particular broad-mindedness and warm loving care for his comrades-in-arms and soldiers during the anti-Japanese war.

Comrade president has all along showed a noble sense of revolutionary obligation and maintained the proletarian internationalist stand as regards the Chinese revolution and Sino- Korean friendship, he said, and continued:

In particular, the great leader of the Korean people Comrade Kim Il-song paved the glorious path for the Korean revolution, taking the lead in carving out the road of the hard-fought guerrilla war and, at the same time, set a living example of proletarian internationalism in helping the Chinese revolution by giving full play to the self-sacrificing spirit.

The peoples of China and Korea have developed the relationship sealed in blood between comrades-in-arms, between brothers and between true comrades, while sharing life and death, bitters and sweets in the protracted struggle against their common enemy and their destines have become inseparable as the leaders of the two countries have said at all times.

Generations have been alternated and many changes effected in the world with the passage of many years since the revolutionaries of China and Korea fought shoulder to shoulder in steep mountains of Changbai and the vast Manchurian plain. Comrade Kim Il-song remained loyal to his comrades-in-arms to the last moments of his life. And he established valuable traditions of Sino-Korean friendship based on the intimacy with Comrades Mao Zedong and Zhou Enlai and other Chinese leaders, which are handed down through generations.

The Korean people honor and respect Comrade President Kim Il-song in real earnest. Because he regarded "believing in the people as in heaven" as his maxim, found himself among the people all his life, looked after workers, farmers, and people of other strata with great loving care for and trust in them, putting his heart and soul for the good of the people.

President Kim Il-song was a paragon of the leaders who work for the people.

As far as I know, there is no such leader as Comrade Kim Il-song who covered such a long road of on-the-spot guidance and found himself among the people in different parts of the country, not minding foul weather and rugged roads.

His noble virtues such as infinite trust in and love for the people resulted in a singlehearted unity pertaining to Korea; such a great strength led to the building of a modern Korea in the east of the globe, a thriving country with strong national defence capabilities; socialist Korea is confidently moving forward along the road chosen of its own accord, without wavering in any fluctuation of history. It is my belief.

Comrade President Kim Il-song, along with his noble personalities, virtues and great exploits, will be alive forever in the hearts of the Korean people, in the memory of the Chinese people and progressive humankind the world over.

In the second part the authors highly praised the greatness of Comrade Kim Chong-il.

Chen Lei said Korea has established a firm system of leadership of Comrade Kim Chong-il for 30 odd years thanks to the clairvoyance of the great President Kim Il-song.

He further said:

For the Korean people Comrade President Kim Il-song means Comrade Kim Chong-il.

While seeing respected Comrade Kim Chong-il, we felt reassured from the thought that another great statesman, a great man, is leading Korea.

Li Min said:

I see the looks of Mt. Paektu in the person of Comrade Kim Chong-il.

His spirit and physical body are replete with the stamina of Mt. Paektu. He resembles Mt. Paektu in appearance and qualities, character and taste. I think it only too natural that Comrade Kim Chong-il is called a general of Mt. Paektu type and a man of Mt. Paektu type.

His heroic grit, indomitable will and mysterious and marvellous stratagem in foiling with a sword of annihilation the high-handed campaign of the United States and its followers to stifle Korea and leading the only super power in the world by the nose made me think that he is different from others because he was born in Mt. Paektu, where he cultivated his grit and wisdom.

In the article the authors referred to the question of the successor to the leader, adding:

We think that Korea has brilliantly resolved the question of the successor to the leader not only because President Kim Il-song took every possible step for this, looking into the future from a long time ago, but also because the successor has the qualities and traits befitting a people's leader on the highest level.

Comrade Kim Chong-il is more loyal to Comrade Kim Il-song who pioneered the Korean revolution than when he was alive. He carries forward the revolutionary cause of comrade president with a very pure and faithful heart. Through his practice, he set a living example of what view and morality the communists should take towards the leader and his cause.

The authors of the article expressed their conviction that led by respected Comrade Kim Chong-il, the revolutionary cause, which was started by the great leader Comrade Kim Il-song, will be creditably carried to completion and Korea will shine forever with the august name of Comrade Kim Il-song throughout the world.

Honored by Japanese Officials

SK0707105395 Pyongyang KCNA in English 1031 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — Prominent figures of Japan and diplomatic envoys in Japan called at the Korean Hall in Tokyo on July 4 on the occasion of the first death anniversary of the great leader Generalissimo Kim Il-song and expressed deep respect for him and honored his memory before his portrait, the Tokyo-based Korean News Service reported.

The visitors were met by First Vice-chairman Yi Chin-kyu, Chief Vice-chairman Ho Chong-man, vice-chairmen and the secretary general of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon).

They were speaker of the House of Representatives Takako Toi, its deputy speaker Hyosuke Kujiraoka, former Deputy Prime Minister Michio Watanabe, Minister of Home Affairs Hiromu Nonaka, former Minister of State Affairs Yoichi Tani, former Minister of State Affairs Setsu Shiga and Vice-minister for Political Affairs of the National Land Agency Toichiro Kuno, who are Liberal Democratic members of the House of Representatives, Wataru Kubo who is secretary general of the Japan Social-Democratic Party and member of the House of Councillors, Minister of Construction Kogen Nosaka and Chairman of the Policy Council Nobuyuki Sekiyama, who are Social- Democratic members of the House of Representatives, member of the House of Councillors Hajime Fukada, member of the House of Representatives Sukio Iwadare, Vice-minister for Political Affairs of the Ministry of Agriculture, Forestry and Fisheries Tatsuo Yoshida who is also member of the House of Councillors, members of the House of Representatives Tomio Sakagami and Mamoru Kobayashi, Secretary General of the New Party Sakigake Yukio Hatoyama who is also a member of the House of Representatives, leader of the Sports Peace Party Kanji Inoki who is also a member of the House of Councillors, member of the House of Representatives from the New Frontier Party Natsuo Yamakuchi, Chairman of "Peace Citizen" Masao Kunihiro who is also a member of the House of Councillors, former member of the House of Representatives Tokuma Utsunomiya, the widow of former prime minister, Mutsuko Miki, Director of the KYODO News Service Yasuhiko Inukai, Director of the Iwanami Bookstore Ryosuke Yasue, Chairman of the

Japan Committee for Supporting the Independent and Peaceful Reunification of Korea Akira Iwai, Chief Director of the Japan-Korea Cultural Interchange Association Ryosho Hayashi, Secretary General of the International Institute of the Chuche Idea Kenichi Ogami, Chairman of the Japan-Korea Society for Educational and Scientific Interchange Kiyoo Nakagoshi, Secretary General of the Trade Union of Teachers of Japan Nagaderu Tokuyama, honorary professor of Waseda University Saburo Kurochi, professor of Saitama University Takao Kamakura, the widow of former Tokyo metropolitan governor, Tokiko Minobe, Chairman of the Tokyo Metropolitan League of Dietmen for Promoting Japan-Korea Friendship Yoshio Utagawa and other prominent figures of all social strata of Japan.

Among the visitors were ambassadors of China, Cuba, Senegal and other countries.

Praised by Foreign Party Leaders

SK0707103095 Pyongyang KCNA in English 1013 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — Written answers to questions raised by directors of the editorial boards of the KCNA and MINJU CHOSON came from Chairman of the Central Committee [C.C.] of the Nepal Worker-Peasant Party Narayan Man Bijukchhe, General Secretary of the Party of the Congress for the Independence of Madagascar Gisele Rabesahala, and Secretary General of the Party of Labor and Construction of Benin Ali Houdou on the occasion of the first death anniversary of the great leader President Kim Il-song.

The chairman of the C.C., Nepal Worker-Peasant Party said the great leader Comrade Kim Il-song led the rigorous anti-Japanese war to victory and achieved the independence and liberation of the country and when the U.S. imperialists ignited a war of aggression in Korea, he led the war to victory with his outstanding commanding art, strategies and tactics.

Comrade Kim Il-song, he noted, led the Workers' Party and people of Korea to victory, not wavering in face of the mental and ideological alienation offensive of the imperialists and reactionaries against socialist countries, and thus firmly defended the socialist bulwark in Korea and further strengthened it and demonstrated to the world the might of socialism incomparably superior to capitalism.

He provided the banner to strengthen and develop the movement of firmly defending socialism and rebuilding it, and thus gave great strength and courage to the world's people who aspire after it, the chairman stressed, adding: The whole life of Comrade Kim Il-song was a brilliant one linked with struggle. He will be immortal with humankind.

The chairman expressed firm belief that the Korean people will vigorously advance the socialist cause, firmly united around Comrade Kim Chong-il with one ideology and purpose, holding him in high esteem.

In conclusion, he expressed the belief that the good relations existing between the two parties would be further strengthened and developed under the outstanding leadership of Comrade Kim Chong-il.

The secretary general of the Party of Labor and Construction of Benin said that though the great leader of the Korean people President Kim Il-song, an outstanding teacher of the world's people struggling for national sovereignty and independence, passed away, he will be immortal in the memory of the fighters for truth, democracy, freedom, progress and justice.

He noted that on the occasion of the first death anniversary of the great leader President Kim Il-song, the world's people, the revolutionaries in particular, should make a historic pledge for the victory of the Pyongyang declaration in each country and advance taking the initiative in the struggle to build socialism like Korea which is as strong as iron wall under the bright rays of the chuche idea, a foundation of the political, spiritual and physical strength of the Korean people who are enjoying all the blessings on the earthly paradise for his feats.

The general secretary of the Party of the Congress for the Independence of Madagascar said that Comrade Kim Il-song, the founder and leader of the Democratic People's Republic of Korea, is immortal as a great man in the world's revolutionary movement and human history.

Respected Comrade Kim Il-song, the great leader, made immortal contributions to the Korean revolution and the cause of global independence, he noted, saying that Comrade Kim Chong-il, the great leader of the Korean people and the successor to the great leader Comrade Kim Il-song, is wisely leading the struggle to accomplish the revolutionary cause of Comrade Kim Il-song.

The Korean people, who are firmly united around their leader, are fulfilling the behests of the great leader Comrade Kim Il-song with loyalty and will certainly win victory as they are guided by the great leader Comrade Kim Chong-il, he stressed.

Revolutionary Mementos Preserved

SK0607215795 Pyongyang KCNA in English 1532 GMT 6 Jul 95

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — One year has elapsed since the great leader President Kim Il-song passed away. On this occasion, various functions are taking place in the Democratic People's Republic of Korea.

A national symposium was held here on July 5 to deeply grasp his greatness and immortal feats. And symposiums of officials of institutions for training party cadres, officials of social sciences, the Ministry of the People's Armed Forces and men of public security organs and other symposiums of different domains are held one after another.

The participants in the symposiums highly praised the undying revolutionary feats performed by President Kim Il-song in the revolution and construction and hardened their determination to uphold the leadership of Comrade Kim Chong-il with loyalty, true to the behests of the president.

The 15-day film show has been held since June 26. Shown at all cinema houses and cultural halls across the country are documentary and feature films on the revolutionary activities of President Kim Il-song, who devoted his all to the prosperity and development of the country, the freedom and happiness of the people and the cause of global independence to the last moment of his life since he embarked upon the road of the revolution.

On display at the national photo exhibition hall which was opened on July 4 are more than 150 pieces of pictures showing his revolutionary activities and the looks of the Korean people who are rising in the implementation of the teachings given by him in his lifetime.

New rooms in which his revolutionary mementoes are preserved have been arranged at the Mangyongdae Revolutionary Museum, the revolutionary museum of the Ministry of the People's Armed Forces and all other revolutionary museums throughout the country.

Set up in the streets in the capital and local areas are large pictures of President Kim Il-song and slogans reflecting the iron will and faith of the Korean people to hold him in high esteem for all ages.

The Workers' Party of Korea publishing house and all other publishing houses brought out a collection of his works "Answers to the Questions Raised by Foreign Journalists" Vol. 5, a big picture- album "Oh, Our Leader" and many other books.

"The Leader is Always With Us", a song reflecting the people's ardent yearning and reverence for President Kim Il-song, has been created under the meticulous guidance of the great leader Comrade Kim Chong-il and is widely sung among the people.

'Undying Exploits' Expounded

SK0607103195 Pyongyang KCNA in English 1018 GMT 6 Jul 95

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — A symposium of students on virtues and symposiums of the General Federation of Trade Unions [GFTU] and officials and members of the Korean Democratic Women's Union were held in Pyongyang on the first death anniversary of the great leader President Kim Il-song.

The participants observed a moment's silence in memory of President Kim Il-song.

The speakers at the symposium of students on virtues said that they have happily grown up, gratifying their hope and cultivating their talents to their hearts' content under the benevolent loving care of respected Generalissimo Kim Il-song.

The fatherly generalissimo is, indeed, a tender-hearted father who has grown up school children and students in his broad bosom, showing them warmer loving care than their parents would do them, they said.

Noting that they have another great leader, that is, respected General Kim Chong-il, who is the same as the fatherly leader, they declared that they would become bullets and bombs defending him in the van as they pledged before the bier of the fatherly leader.

The speakers at the symposium of the General Federation of Trade Unions said that the respected leader President Kim Il-song set forth the idea and theory of chuche on the building of the GFTU and its activities for the first time in history and, on this basis, he taught that the GFTU must regard it as the supreme principle of its activities to remain unfailingly loyal to the party and uphold its idea and leadership.

The great leader Comrade Kim Chong-il expounded the idea and theory of building the GFTU on the basis of the revolutionary outlook on the leader, they said, adding:

"We will thoroughly implement the tasks assigned by him to the GFTU so as to glorify the undying exploits of President Kim Il-song through generations."

The speakers of the symposium of officials and members of the Korean Democratic Women's Union said:

President Kim Il-song, regarding the question of women as a fundamental one in social revolution, set forth the chuche- based idea and theory on women's movement, founded the women's union after the liberation and wisely led the women's movement of Korea.

They vowed that they would make the women's union ranks of loyalists and filial daughters who absolutely worship and follow only General Kim Chong-il.

Eulogized at National Symposium

SK0607050695 Pyongyang KCNA in English 0450 GMT 6 Jul 95

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — A national symposium was held here on Wednesday on the greatness and immortal feats of the great leader President Kim Il-song on the occasion of the first anniversary of his death.

Vice-President Yi Chong-ok, a member of the Political Bureau of the Central Committee [C.C.] of the Workers' Party of Korea [WPK]; secretary of the C.C., WPK Choe Tae-pok and chairman of the Supreme People's Assembly Yang Hyong-sop, alternate Politburo members of the WPK Central Committee; Secretary Kim Ki-nam of the C.C., WPK and Vice-Premier Chang Chol attended the symposium.

The participants paid a silent tribute to the memory of President Kim Il-song.

The speakers said the great leader Comrade Kim Il-song is a distinguished thinker and theoretician who pioneered the chuche era, a new era of the development of history, and brightly indicated the road ahead of humankind by founding the chuche idea holding the most brilliant place in the history of human thought.

Comrade Kim Il-song is the eternal sun of humankind, who provided the cornerstone of eternal value surely guaranteeing triumphant advance of the popular masses for their cause of independence and its ultimate victory by accumulating undying revolutionary exploits for the country and the people, the era and humankind, they said, adding:

He wisely led the revolutionary struggle of all the stages, formations and fields in the contemporary age without the slightest turns and twists and thus converted the country into a powerful socialist state of independence, self-sufficiency and self-reliance in national defence and ushered in the supreme heyday of national prosperity. He also indicated to the people of all the countries a true road to national independence and progress and a new road towards communism.

He is the tender-hearted father who provided all of us with a worthy life and happiness through the politics of love and trust and benevolent politics for the first time in history, his trust in and affection for the people being on the noblest plane.

Thanks to his great and sublime love and trust, the leader and the people form one organism, an inseparable harmonious whole and the community of destiny; the entire society has been changed into one large harmonious family of socialism; and the people are enjoying a worthy and happy life with the noblest political integrity.

He is immortal as the eternal sun whom humankind unanimously recognizes and looks up to for his distinguished greatness in ideology, leadership ability, feats and virtues, without an equal in history.

Comrade Kim Il-song successfully solved the question of carrying forward the revolutionary cause in the 20th century and opened up the bright future of the cause of independence so that our people can be blessed with illustrious leaders generation after generation. Now they enjoy highest and supreme privilege and great fortune. Indeed, he is the eternal leader and great father of our party and the people.

The great leader Comrade Kim Chong-il is just like Comrade Kim Il-song in view of idea, leadership ability and virtues.

The speakers called upon all people to defend and glorify the Korean-style socialism upholding the red flag of revolution, with the firm will and revolutionary faith that guided by Comrade Kim Chong-il, they are sure to win.

Paid Tribute by Worker Symposia

SK0507120395 Pyongyang KCNA in English 1031 GMT 5 Jul 95

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — Men of the press and education and railway transport workers separately held symposiums in Pyongyang on July 4 on the occasion of the first death anniversary of the great leader President Kim Il-song.

The participants paid a silent tribute to the memory of President Kim Il-song.

The speakers of the symposiums said that the great leader Comrade Kim Il-song who personified the extraordinary wisdom, outstanding leadership ability and noble communist virtues on the highest level took the destiny of the fatherland, the nation and humankind on his shoulders, wisely led the unprecedentedly arduous Korean revolution and the cause of independence of the

20th century for over 80 years and performed immortal exploits for the time and revolution.

Men of the press said he opened a new history of the press of chuche type, which is included in his immortal revolutionary exploits shining with the century. They added that the great leader put forward the original idea and theory of the press and wisely led it.

They resolved to further intensify propaganda through mass media to hold the great leader Comrade Kim Chong-il in high esteem.

Men of education said that President Kim Il-song always regarded education as one of the fundamental issues vital for the victory of revolution and the future destiny of the nation and wisely led it in the whole course of his glorious revolutionary activities.

They stressed the resolution to train a larger number of talented persons who will contribute to making the country and the fatherland more prosperous by actively educating the new generation and training native cadres well under the leadership of Comrade Kim Chong-il, true to the behests of President Kim Il-song.

Railway transport workers said that President Kim Il-song energetically led the work to ceaselessly improve the transport system, ways, organization and direction, establish a strong revolutionary discipline and order, modernize transport means and strengthen railways with heavy rails and heavy-duty freight cars and took care of the railway workers with his great trust and love.

Noting that now the chuche-oriented idea of building railway transport of President Kim Il-song is being successfully realized under the energetic leadership of Comrade Kim Chong-il, they stated that they will uphold the idea and leadership of respected Comrade Kim Chong-il, bring about a new revolutionary turn in the development of railway transport of the nation, and actively contribute to prosperity and development of the socialist motherland.

Lauded in Worldwide Ceremonies

SK0507115895 Pyongyang KCNA in English 1050 GMT 5 Jul 95

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — The first death anniversary of the great leader President Kim Il-song is approaching.

National memorial committees were formed and large-scale memorial functions are being held in many countries on this occasion.

The revolutionary people of the world present at the memorial functions expressed unbounded reverence for President Kim Il-song, looking back on the undying exploits performed by him for the human cause of independence.

As is recognised by the world, President Kim Il-song was the sun of humankind and the great leader of the world revolution who personified all qualifications and qualities of a great man on the highest level.

The great leader Comrade Kim Chong-il said:

"Respected Comrade Kim Il-song is a great leader who is deeply revered and followed not only by our people but also by the revolutionary people of the world."

President Kim Il-song founded the chuche idea, a genuine truth which teaches how to realise independence, an intrinsic demand of man, and thus brightly indicated the road to be followed by the times.

In his lifetime, he wrote and published more than 1,860 famous works to give perfect answers to all the theoretical and practical matters arising in the Korean revolution and the world revolution.

His works were translated and widely disseminated in nearly 100 countries in 60 odd national languages.

As many as 1,000 chuche idea study groups were formed in over 100 countries. Now, the chuche idea is extensively studied and disseminated worldwide.

He met with party and state leaders and figures of political and public circles of 136 countries, 70,000 all told, and gave them good advice and valuable teachings for advance and victory in the human cause of independence.

He visited many countries in Asia, Africa and Europe, when he conducted energetic external activities and made undying contributions to the unity of anti-imperialist, independent forces over the world.

Many countries of the world and international organisations awarded over 180 supreme orders and medals to him as a token of their unbounded reverence for him and appreciation for his exploits of world historic significance. And 73,600 pieces of gifts were also sent to him.

World people hang portraits of President Kim Il-song in their houses and organs out of their desire to live with his tender image deep in their hearts at all times.

Upwards of 450 streets, organs and bodies of over 100 countries were named after President Kim Il-song.

As soon as the sad news of the death of President Kim Il-song was published, the whole world was enveloped in bitter sorrow and wail, and people of all social strata across the five continents of the world honored his memory, irrespective of differences in political view, religious belief and system.

During the mourning period of July last year alone, a total of five billion people visited the bier, statues and portraits of President Kim Il-song to express their condolences.

As of September 14 last year, over 4,000 messages of condolence over the death of President Kim Il-song came from 137 heads of state and government, 224 leaders of political parties of nearly 170 countries, prominent public figures and international and regional organisations and public groupings of all countries.

Solemn memorial functions were held in as many as 160 countries.

Only in July and August of last year, more than 700 publications of over 200 countries edited special writeups.

Foreign friends who visit Korea start their programme with the call at the statue of President Kim Il-song on Mansu Hill and his native home in Mangyongdae.

More than 22,800 foreigners of over 2,800 groups have visited the statue of President Kim Il-song on Mansu Hill as of June last.

Colorful functions were organised in many countries on April 15 this year, the birth anniversary of President Kim Il-song. Such functions for his birthday had been held annually when he was alive.

Some time ago, the Pakistan Labour Federation, the National Youth Union of Pakistan and the Pakistan-Korea Workers and Peasants Friendship Association called upon the progressive political parties, organisations and groupings for friendship with the Korean people of all countries over the world to set July 8, the death day of President Kim Il-song, a peerless hero and a great man of the century, as "day for the immortality of the great sun of chuche".

Praised by Institute Director

SK0707152695 Pyongyang KCNA in English 1516 GMT 7 Jul 95

["The Sun of Chuche Will Shine Forever" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — Dr. Shuhachi Inoue, an "International Kim Il-song Prize" recipient and director general of the International Institute of the Chuche Idea, published an article titled "The Sun of Chuche Will Shine Forever" on the occasion of the first death anniversary of the great leader President Kim Il-song.

This article was carried by NODONG SINMUN July 6.

In the article, Shuhachi Inoue said that President Kim Il-song who founded the supreme philosophy on human love and made the spring song about man spread over this globe is, indeed, the sun of chuche looked up to by the whole humankind.

In the first part of the article, he said that the great President Kim Il-song enjoys an eternal life as the sun of chuche because he performed undying exploits which will be handed down together with human history.

Looking back on the days when he had the audience of President Kim Il-song during his visit to Korea, he said that President Kim Il-song was the father who looked after all people of the country as his sons and daughters.

He further wrote:

President Kim Il-song was not only a leader of a country but also the lodestar of human emancipation who devoted all his life to the human cause of independence with ardent love for man and a noble sense of internationalist obligation.

Although he passed away, leaving the world people behind, his noble ideas and theories and undying exploits powerfully encourage the march of humanity toward global independence.

With the immortal chuche idea founded by President Kim Il-song, the philosophical idea centred on materials was developed into a philosophical idea centred on people and the 20th century distinguished itself in history.

The most valuable gift given by President Kim Il-song to humankind is the chuche idea.

It was thanks to the truth of the chuche idea authored by President Kim Il-song that humankind has become a new independent one.

In this sense, he is the father of independent humankind. Herein lies his distinguished and incomparable contribution without an equal in human history.

In the second part, the author said:

The great President Kim Il-song enjoys an eternal life because the leader Kim Chong-il who is the same as him is leading the human cause of independence.

I have been firmly convinced that the leader Kim Chong-il is, indeed, an outstanding statesman who is boundlessly loyal to the leader of the people and is infinitely devoted to the party and the revolution.

Upon receiving "Socialism Is a Science" authored by the leader Kim Chong-il, I was struck with admiration at the great devotion, extraordinary intelligence and efforts of him who devoted his thinking and energies to the cause of global independence, feeling his historical responsibility for the destiny of humanity and the development of the times, which was once shouldered by the president, despite his deep sorrow plus the nation's grief at the death of the president.

Repeatedly reading the work of the leader Kim Chong-il solemnly declaring the unshakable determination and iron will to defend and exalt socialism, true to the cause of President Kim Il-song, I felt more deeply the immovable truth that socialism is sure to win under his guidance.

Pointing out that voices praising the leader Kim Chong-il as a distinguished leader of the present century and the 21st century are ringing out from all parts of the world, the author said:

Praise of humankind for the leader Kim Chong-il is an eruption of their unpretentious feelings, captivated by his philosophical wisdom and human love.

The leader Kim Chong-il, who is developing and enriching the chuche idea, the supreme philosophy of love, is, indeed, the incarnation of human love and a great philosopher and outstanding thinker and theoretician unprecedented in history.

The earth moves, history flows and mankind develops as there is the leader Kim Chong-il. This is an unshakable faith and will of the progressive peoples and our followers of the chuche idea all over the world.

In the last part, the author said:

A true society for the people is built in a country which is guided by a great leader.

Today's Korea which is firmly maintaining its stand, decisively repulsing all sanctions and offensives of the imperialist allies is precisely Korea of the leader Kim Chong-il.

The leader Kim Chong-il is precisely President Kim Il-song and vice versa. This means President Kim Il-song did not pass away.

The great idea of President Kim Il-song will shine more brilliantly thanks to energetic ideological and theoretical activities of the leader Kim Chong-il. The noble virtues of the president will reach the heart of humankind under the deep love of the leader Kim Chong-il.

The great President Kim Il-song will shine forever as the brilliant sun of the sky as the outstanding leader Kim Chong-il who fully personifies all qualities of President Kim Il-song is leading the human cause of independence.

Devotion to People Described

SK0707103995 Pyongyang KCNA in English 1022 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang, July 7 (KCNA) — On the occasion of the first anniversary of the death of the great leader President Kim Il-song all the Korean people are deeply looking back on his noble 80 odd year life and activities devoted to the motherland and the people.

President Kim Il-song had energetically worked all his life in disregard of Sundays and holidays since he set out on the road of revolution in his early years to liberate the country from the colonial yoke of the Japanese imperialists.

It was on the Lunar New Year's Day, 1936, a period of the anti- Japanese armed struggle.

Members of the Korean People's Revolutionary Army, after a battle with the enemy on this day, ardently wished that the general would relieve his fatigue for a few hours.

He told them about the misfortunes and hardships of the fellow countrymen trampled underfoot by the aggressors and said he would celebrate the new year and holidays with the people in a liberated country in the future. He spent the day, planning operations for a future battle.

On October 14, Sunday, 1945 after the liberation of the country, he made a speech at a meeting welcoming his triumphal return, indicating how to build a new country. He devoted Sundays and holidays to the building of a country.

He did not take a rest even a day during the fatherland liberation war (June, 1950- July , 1953).

He gave on-the-spot guidance to the Sosamjong cooperative farm in Yokpo district, Pyongyang, from the early morning of April 15, 1954, the first birthday after the victory in the war.

On April 15, 1972, his sixtieth birthday, he did not allow any function for him and worked far into the night like other days, minding how to dress our people better.

On his sixtyfifth birthday he visited coal mines in Kaechon area, South Pyongan Province and acquainted himself with the supply service of subsidiary food for the dormitory of workers and the supply of equipment and materials to the coal mines.

On April 25, 1982 (the 50th anniversary of the foundation of the Korean People's Army), he went to the Changchon cooperative farm in Sadong district, Pyongyang, declining the ardent desire of our people for his rest even a day. The chairman of its management board earnestly told him to refrain from walking a rough road of the countryside as he was over seventies, but he said it was his rest and continued his on-the-spot guidance.

It was on his 81st birthday, two years ago, when he should be blessed by all people. He visited sick Yi In-mo, who was repatriated to the DPRK after 34 years' imprisonment in South Korea, and bestowed great honour and benevolence upon him.

On June 19, 1994, Sunday, he gave on-the-spot guidance to the Kumdang cooperative farm in Onchon County, South Pyongan Province in the teeth of the summer heat.

On July 3, the last Sunday of his life, he worked at his office room, maturing a far-reaching plan for the complete victory of socialism and the reunification of the country.

President Kim Il-song made tireless efforts for the people on over 2,530 Sundays, birthdays and holidays equal to seven years as well as workdays till July 1994 when he breathed his last since the liberation of the country.

Sightings of Mysterious 'Phenomena' Increase

SK0707055095 Pyongyang KCNA in English 0525 GMT 7 Jul 95

[FBIS Transcribed Text] Pyongyang July 7 (KCNA) — Mysterious phenomena of nature have been seen in different parts of Korea with the approach of the first death anniversary of the great leader President Kim Il-song.

Trees and plants bloomed twice a year going against the law of nature, and cranes and clouds of dragon-flies and bees were hovering over the statues of President Kim Il-song.

Wonders were wrought in Kumsusan area in the morning of June 23, an area which was consecrated as the supreme holy land of chuche.

The sky was covered with dark clouds and it rained in torrents, lightening flashing and thunder cracking in succession. In a couple of minutes a driving rain brought about a pitch-dark night.

It was when the great leader Comrade Kim Chong-il showed up at the area that rain held up all of a sudden, thunderclaps deafened people and brilliant sunrays emerged from behind the dark clouds. A big crane entered the area along a road, looked to the right and the left atop the lawn. A chirping made by the crane to the right was responded to by another one from the direction. No sooner had it heard the chirping than the crane went out of sight. The moment, Comrade Kim Chong-il showed up there. [sentence as received]

The eyewitnesses said mysterious wonders of nature were wrought and the cranes came there to escort Comrade Kim Chong-il because he was a great man who descended from heaven.

A swallow with wings of white feathers flew into an office room of the building of the State Physical Culture and Sports Commission around noon on July 4.

The swallow sat for a long time below the portraits of President Kim Il-song and Comrade Kim Chong-il on the wall before flying away around 3:40 PM.

The eyewitnesses were unanimous in saying that birds were longing for President Kim Il-song with the approach of the first anniversary of his death and that nature recognizes a great man who descended from heaven.

Urban Workers 'Advance' to Cooperative Farms

SK0507061895 Pyongyang Korean Central Television Network in Korean 1100 GMT 4 Jul 95

[FBIS Translated Text] Comrade Pak Yong-ae, who worked at Changsan Hotel of the State Sports Committee as a worker, has volunteered to advance into the socialist rural area together with his family.

[Begin recording] [Pak Yong-ae] Despite his busy schedule, the great leader general, receiving the report on our family's small decision, highly praised us by saying that it is a good action. We cannot put into words the emotions we feel at hearing the great leader general's words of praise for us, when we have done nothing more than we ought to. We will continue to be loyal to the general in the future, too.

[Pak Yong-ae's daughter] As my mother said, we will become masters of the [word indistinct] cooperative farm and genuine farmers cultivating the bumper field of the cooperative farm. Thus, we will make the respected and beloved general — who is making efforts so that our people can lead an abundant and happy life — rejoice over the field of the cooperative farm which has been turned into a bumper field. This is our desire and happiness. [end recording]

Comrade Kang Yong-chol, who worked at Kim Hyong-chik Teachers College as a teacher, has volunteered to advance to the rural area together with his family with the single desire of loyally upholding the socialist fatherland with rice by thoroughly implementing the teachings left by the fatherly leader who devoted his all to the country's farm work.

He has firmly made up his mind to venture to Posong cooperative farm in Hoeyang County, Kangwon Province and to devote his sweat and zeal to contributing himself to making this region a cultural rural area, a better place to live.

The family of Kim Chu-pil who worked at the Material Firm of the State Sports Committee, and the family of Pak Kyong-chol, who worked at a baseball field have also volunteered to advance to a socialist rural area.

Cherishing the yearning for the fatherly leader on the threshold of the first anniversary of the fatherly leader's death, Kim Chu-pil and Pak Kyong-chol have made up their minds to venture to socialist cooperative farms and to uphold the great leader Comrade Kim Chong-il with increased production of grains by thoroughly implementing the party's agriculture-first policy.

Their fellow employees at the firm and baseball ground warmly saw them off.

Youths Volunteer to Work at Farms, Mines

SK0607114295 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 5 Jul 95

[FBIS Translated Text] Over the past one year, a great number of our reliable youth — who have upheld the leadership of the great leader and our party with loyalty — volunteered to work in difficult and hard sectors, including the great socialist construction site and cooperative farms, cherishing in their hearts the resolutions to complete the chuche socialist revolutionary cause under the leadership of our party, while upholding the leader [suryong]. Central Broadcasting reporter Kim Hui-ok met with Comrade Pak Kyong-hun, director of a department of the League of Socialist Working Youth of Korea Central Committee.

[Begin recording] [Kim] I think that over the past one year since the day we lost the fatherly leader, a great number of our youth have volunteered to work in difficult, hard sectors, cherishing a burning resolution to endlessly implement the leader's behest.

[Pak] All right. Over the past year since the day we lost the great fatherly leader, who cared and loved our students and youth most, our youth and students have vigorously volunteered to work in the most difficult and hard sectors, including the great socialist construction site, vowing to themselves to unconditionally implement the fatherly leader's behest.

Therefore, as of present, approximately 100,000 youth have volunteered to work at socialist rural communities upon which the fatherly leader embarked during his whole life, as well as coal mines and mines, the primary sector of the national economy, throughout the country, changing their hopes and ambitions. Also, a great many students of senior middle schools throughout the country — who have cherished in their hearts the iron-like faith to safeguard and defend with arms the most valuable chuche socialist fatherland built by the leader and glorified by the great leader — ran to the posts to defend the fatherland, rather than going to the universities.

Furthermore, our youth are displaying the innumerous communist trait, such as caring for others' pain rather than his own pain, taking care of orphans and elders, who have no children, becoming wives and husbands of disabled soldiers, and saving people from danger at the risk of their lives. Really, I can say that the last year was the year of faith and will in which our youth lived and struggled as fighters of the revolution and sons of the great leader.

In the future, too, our youth will vigorously fight on as 8 million rifles and bombs that uphold — with loyalty — the leadership of General Kim Chong-il, the great leader [yongdoja], always cherishing deep in their hearts the great leader's behest. [end recording]

Talk Commends 'Confederal' Reunification Model

SK0607014995 Pyongyang Korean Central Broadcasting Network in Korean 0630 GMT 5 Jul 95

[Unattributed talk: "Founding a Confederal State Is the General Goal of the Great Unity of the Entire Nation."]

[FBIS Translated Text] The great leader Comrade Kim Il-song presented the general goal of the great unity of the entire nation in the first article of the "10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Fatherland."

The targets of the great unity of the entire nation are various classes and strata which have different ideas, ideologies, political opinions, and religions. Therefore, only when an imminent goal of struggle conforming to the interests of all members of the nation wins the sympathy of all, can all the people be firmly united as one and keep in step with one another to achieve the goal. The scope and solidity of unity are defined by the degree of interest in and aspiration for the goal.

The great leader Comrade Kim Il-song presented the founding of an independent, peaceful, and neutral reunified state as the general goal of the great unity of the entire nation, thus preparing a great premise whereby all the people can unite with common interests as one.

The great leader Comrade Kim Il-song taught: The North and the South must found a pannational reunified state that can represent all parties, factions, and walks of life, leaving the existing two systems and two governments as they are. The pannational, reunified state should be a confederal state, where the two regional governments of the North and the South participate equally, and should be, like a nonaligned nation, an independent, peaceful, and neutral state with no inclinations toward a strong country.

As the great leader Comrade Kim Il-song taught, the reunified state that our nation must build through great unity should be a pannational reunified state that can represent all parties, factions, and walks of life, leaving the two systems and two governments that currently exist in the North and the South as they are. The pannational reunified state is a government based on the all-nation reunification front and is composed of representatives of all parties, factions, and walks of life.

The North and the South of our country have different ideologies and systems which neither side will give up. The only way to achieve the independent and peaceful reunification of the fatherland under this condition is to found a pannational reunified state that represents all members of the nation in various parties, factions, and walks of life, leaving the existing two systems and two governments as they are.

Founding a pannational reunified state is indeed the only way to an independent and peaceful reunification that complies with the aspiration and interests of all members of the nation in the specific realities of our country.

Encompassing the entire area of our country and the entire nation, the pannational reunified state is a reunified state which practices policies in conformity with the basic interests and demands of all the Korean people. The reunified state should practice democracy throughout the country and in all domains of the society and practice fair policies to guarantee the interests of the two regions, two systems, various parties, classes, and strata in the country at the same time, without leaning to either side of the North and the South. All these policies should be based on the principle of great national unity and should be aimed at achieving the country's integral development and prosperity by strengthening the national unity and cooperation.

As the great leader Comrade Kim Il-song taught, the pannational reunified state to be built through the great unity of the entire nation should also be a confederal state in which the two regional governments in the North and the South participate on an equal footing.

Under conditions in which different ideas, systems, and governments now exist in the North and South of our country, fatherland reunification should be realized based on the principle of coexistence in which one never swallows or overwhelms the other. What is important here is organizing a reunified government of the confederal state fairly with the same number of representatives from both sides. This method of organizing a reunified government of the confederal state is a fundamental issue that concerns the formation of the pannational reunified state by overcoming different ideas and systems. This is also a basic method to fairly reflect all the people's intents and demands in operating the confederal state.

Reunifying the country based on a confederal system with one nation, one state, two systems, and two governments, is the chief principle of the fatherland's reunification in accordance with the actual condition of our country. Only by embodying this chief principle, can the North and the South put an end to the national division effected by outside forces, harmonize and unite themselves as one nation, and reunify the fatherland in an independent, peaceful, and timely way.

The pannational reunified state should be an independent, peaceful, and neutral state like a nonaligned nation. Independence, peace, and a neutral stance characterize the pannational reunified state and are the basis of the reunified state's policies.

Independence is an independent state's basic symbol. Only when a nation exercises sovereignty, can it build a sovereign and independent state. The pannational reunified state should oppose all kinds of interference from and dependence on outside forces, firmly adhere to an independent position in all areas of state activity, and solve all problems in state politics in an independent manner, in conformity with the Korean people's basic interests and the country's specific realities.

The pannational reunified state's peace policy is aimed at embodying the national aspiration for building an independent and prosperous reunified fatherland, maintaining the tradition of our nation that loves peace. Its neutral policy is an inevitable means for the existence of a confederal state combining the two regions with different ideas and systems — the North and South of Korea.

The policy on founding an independent, peaceful, and neutral reunified state is indeed a brilliant beacon that brightens the reunified fatherland's future. The general goal of the great unity of the entire nation, presented by the great leader Comrade Kim Il- song, coincides with our country's specific reality, where different ideas and systems exist in the North and the South and coincides with the interests of all members of the nation. It is also a very urgent goal that has the sympathy of everyone who loves the country and the nation, and is the most important factor in guaranteeing the realization and success of great national unity.

It is the behest left by the great leader [suryongnim], the father of the nation, to all our people to reunify the fatherland without fail and complete the national independence cause, upholding the great leader [yongdoja] Comrade Kim Chong-il.

All Korean compatriots in the North, the South, and overseas, who are concerned about the nation's destiny and desires the fatherland's reunification, should uphold respected and beloved Comrade Kim Chong-il as the great leader [yongdoja] of the nation and launch unanimously into the struggle to found an independent, peaceful, and neutral confederal state, that is, the pan-national reunified state, firmly united around him, so as to hasten reunification in the nineties.

South Korea

Prospects for North-South Summit Viewed

SK0707075195 Seoul HANGUK ILBO in Korean 7 Jul 95 p 12

[By reporter Sin Chae-kyong]

[FBIS Translated Text] Our government's official position is that North-South summit talks depend primarily on North Korea. Even though Kim Chong-il exercises power as the de facto supreme leader in North Korea, the summit talks cannot be held when the position of the official counterpart for the talks, which is the presidency, remains vacant. Also, since the summit talks that were to take place in July 1994 in Pyongyang were postponed due to North Korea's situation with President Kim Il-song's death, the North Korean side must first propose talks if they are to be held. President Kim Yong-sam has also expressed such a position on several occasions.

In an informal session with reporters on 23 June concerning assisting North Korea with rice, President Kim said: "I do not know exactly when, but I believe that Secretary Kim Chong-il will assume the presidency. When that is realized, he will follow President Kim Il-song's behest." President Kim had used the title "Secretary Kim Chong-il" for the first time at an official gathering, thus expressing a positive opinion on the prospects for holding the summit talks. Also, in an interview with TIME, the U.S. weekly news magazine, he said: "Summit talks will be realized naturally after Kim Chong-il is inaugurated as president."

Chongwadae [presidential offices] positively views the prospects for summit talks. This stems from the long-term view that if North Korea continues to neglect the ROK's existence despite the settlement of the light-water reactor talks and rice assistance to North Korea, North Korea's very existence will be difficult. In this connection, President Kim said: "The ROK will do its utmost in helping North Korea from its strong position, and North Korea must realize that the ROK is the only country that can sincerely help North Korea."

However, the government is also taking pains to not give the impression that it is hurrying to hold summit talks. President Kim claims that "the ball is in North Korea's court." Recently, there was a foreign news report which claimed that: "President Kim will officially propose North-South summit talks when he visits Washington in July." Chongwadae flatly denied such reports by saying: "That is only the wishful thinking of the U.S. side." Chongwadae's attitude brings to mind the "conspiratorial view" of politicial analysts that the summit talks will be promoted with next year's general elections in mind.

Some in the government are pessimistic as to whether the summit talks can be realized in a short time. This is because even if the North Korean side were to propose holding summit talks, they would have to discount the matters agreed upon last year, and start all over with working-level contacts. Regarding the venue of the summit talks, it will be difficult for President Kim to visit Pyongyang first, since Kim Il-song and Kim Chong-il differ in political weight. Also, in last year's situation there was a "common denominator" between the South and North to settle North Korea's nuclear issue. However, as has been pointed out, currently there are no agendas to be put forth as results for the talks, such as North-South economic cooperation, reunion of separated families, and concluding the peace agreement.

Viewing all this, one may forecast that the summit talks will be realized when North Korea recognizes the necessity of the talks. In this connection, to avoid the justification of holding the summit talks, Chongwadae also analyzes that North Korea may delay Kim Chong-il's succession to the presidency.

Beijing Talks Will Promote N-S Relations

SK0707044795 Seoul TONG-A ILBO in Korean 7 Jul 95 p 2

[FBIS Translated Text] The government plans to full-fledgedly facilitate inter-Korean dialogue by officially holding the second round of Beijing talks slated to be held on 15 July and by choosing Seoul, Pyongyang, Panmunjom, or other places on the Korean peninsula as the venue for a third round of talks. In addition, the government decided to cautiously tackle the issue of the inter-Korean summit meeting, which had been suspended following the death of Kim Il-song, while watching movements inside North Korea, including Kim Chong-il's ascension to power.

A high-ranking government official revealed on 6 July that "the government has mapped out such a measure to promote North-South relations through the dialogue channel that opened after the first round of the Beijing rice talks" and added "the government, with the National Unification Board as the center, is taking very careful note of detailed strategies so that a second round of rice talks will serve as the momentum in promoting inter-Korean relations."

In particular, the government reportedly will not hastily push ahead the summit meeting, judging that chances are high that North Korea will be passive toward the summit meeting or will attempt to delay the date since the North is reluctant to demonstrate Kim Chong-il's leadership in the international arena.

In another development, the government will simplify all the dialogue channels so that the National Unification Board can be in charge of all working-level tasks following the outcome of the second round of rice talks, which will prevent confusion among the ministries concerned while pushing ahead with rice negotiations.

Daily Speculates on Kim Chong-il's Accession

SK0707052795 Seoul TONG-A ILBO in Korean 7 Jul 95 p 6

[By Kim Ki-man: "Report on North Korea by the National Unification Research Institute"]

[FBIS Translated Text] "When will North Korea's Kim Chong-il officially take power and what position will he assume?"

This question has been the focus of interest since Kim Il-song died last year. Regarding this question, the National Unification Research Institute (Chairman Yi Pyong-yong) answered on 6 July: "Kim Chong-il will assume power sometime between 8 July and 10 October, and will assume the offices of president and party general secretary."

October 10 is the 50th anniversary of the founding of the Workers Party of Korea [WPK].

In its report "One Year After Kim Il-song's Death: Trends and Prospects for North Korea," the institute predicted that Kim Chong-il's ascension to power will depend upon such variables as the conclusion of the condolence period, Kim Chong-il's health, the promotion of DPRK-U.S. relations, and the date for establishing mutual liaison offices.

The report foresees the condolence period for Kim Il-song's death ending on the first anniversary of his death and the official power ascension probably taking place sometime between 8 July and 10 October if liaison offices are mutually established within the next two or three months.

The institute also predicted that, excluding 10 October, Kim Chong-il is likely to assume power on 15 August, when North Korea observes the 50th anniversary of national liberation, or on 9 September, the date marking North Korea's foundation.

In addition, the report predicted that Kim Chong-il will first be appointed party general secretary even though he will assume both the presidency and the position of party general secretary. In "Song of Congratulations," which has been disseminated as a type of exercise in North Korea's inner circles, the first stanza of the song congratulates Kim Chong-il's appointment as WPK general secretary and the second stanza refers to Kim's appointment as president in the past tense. The report also predicted that Kim Chong-il will inherit the title "leader" [suryong], which was used to refer to Kim Il-song, along with the position of party general secretary and the presidency.

North's Policies Under New Regime Discussed

SK0707082395 Seoul HANGUK ILBO in Korean 7 Jul 95 p 13

[Article by Yi Pyong-yong, director of the National Unification Research Institute: "Where Is North Korea Heading?"]

[FBIS Translated Text] One year has passed since Kim Il-song died. Over the last year, North Korea has depended on the authority of Kim Il-song under the pretext of rule by Kim Il-song's behest, and publicized that the reason for the delay in Kim Chong-il's official succession to power over the ruling ideology, economic affairs, and nuclear negotiations was North Koreans' mourning for Kim Il-song and Kim Chong-il's considerateness. However, the fundamental reason for the delay in Kim Chong-il's official succession to power must be the entangling of such problems as his poor health, North Korea's external and internal crisis, and the delay in improvement of relations with the United States.

Although the Kim Chong-il regime has not been officially launched, no signs of challenge to Kim Chong-il's succession to power—which was steadily prepared for under Kim Il-song's theocracy system—are in sight. Therefore, we ought to be interested in the policy the new North Korean regime will employ rather than by whom and how the power succession will be made. Thus we should be well aware of the situation in North Korea and the reality facing North and South Korea.

North Korea is in a structural conflict in which it is subject to pressure to open up and reform due to rapid changes in the outside world and in which it has to intensify internal regulatory measures to sustain its system. North Korea has so far maintained its system of having the chuche idea as its guiding ideology with unity among the party, leader, and popular masses as its trinity state system; with intensification of the Cold War ideology; and with inspiring political and military confrontation by taking advantage of the national division of the country.

However, this situation has to be affected by the pressing issues North Korea faces, such as departure from isolation as a result of the change in the international environment, international pressures connected with the nuclear issue, prevention of residents' ideological deviation, and overcoming the serious economic crisis.

The following are prospects of how the newly emerging Kim Chong- il regime will manage the North Korean system—while at a loss as to whether to facilitate or restrain change—from the three perspectives of ideology and system; departure from international isolation and overcoming economic crisis; and the improvement of inter-Korean relations.

First, although pragmatism is emerging in North Korean society in favor of systematic change, there is little possibility of the advent of a new political leadership capable of negating the chuche idea or of an organized revolution from the lower echelon. Therefore, the new regime may maintain the present system in the short run and may attempt a gradual reform from the upper echelon initiated by the power elite.

Second, to bring a breakthrough from international isolation and the economic crisis, the new regime will probably intensify joint cooperative relations with the PRC and make utmost efforts to improve relations with the United States and Japan using the nuclear card. However, even if North Korea tries to improve relations with the United States and Japan, it will not seek all-out political and social openness, but will seek to improve its economic interests by alleviating hostile relations.

Third, the new regime will feel compelled to resume dialogue and improve relations with the South because this is related to the establishment of diplomatic relations with the United States and Japan; however, without a fundamental change in the North Korean attitude, we can hardly expect productive results in the short run. However, within the scope of not affecting internal discipline aimed at the maintenance of power, the new regime may come forth to inter- Korean economic exchange and cooperation through the expansion of direct trade and multilateral economic cooperation.

The question is how long North Korea's present double-pronged strategy—namely, a propaganda-oriented peace offensive and a subversion- oriented united front tactic—will continue. In this perspective, it will be quite some time yet before inter-Korean relations develop in such a way as to come nearer to reunification.

North Korea—which was in a trial stage of groping for the possibility of reform—was not prepared to adapt itself to the abrupt collapse of the communist camp, and to the shock from the resultant situational change. Revolutionizing South Korea has been the North Korean regime's dominant cause which has sustained the North Korean regime, and, therefore, the regime will hardly be able to settle down suddenly with an alternative cause that will replace the existing cause.

North Continues Large-Scale Military Exercises

SK0707061695 Seoul YONHAP in English 0609 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — North Korea has continued to hold large-scale military exercises despite its food and fuel shortages, a military source here said Friday.

The North Korean military has also reinforced its long distance field guns and beefed up its forces in the past year, according to the source.

North Korea held a large-scale joint Navy-Air Force exercise in late June on the West Sea [Yellow Sea], mobilizing a large number of military ships and aircraft, and it began a ground exercise early in July.

The North Korean Air Force also started its summer exercise on June 1.

Meanwhile, North Korea additionally deployed more than 70 240-mm multiple rocket launchers and 170-mm self-propelled artillery units mostly on the western front. It also reinforced its forces by 10,000 soldiers to total 1,060,000, according to the source.

At the moment North Korea did not show any indication that de facto leader Kim Chong-il will formally assume the presidency, but signs may appear after July 8, the first anniversary of the late North Korean leader Kim Il-song's death.

North Reportedly To Open More Economic Zones

SK0707034295 Seoul CHUNGANG ILBO in Korean 7 Jul 95 p 2

[Beijing and Harbin-based correspondent Yu Yong-ku]

[FBIS Translated Text] It has been learned that North Korea, in addition to its current Najin-Sonbong free economic and trade zone, has decided to expand its economic zones for foreign investment, and is waiting for the appropriate time to make the announcement.

Chinese sources well informed about North Korean affairs stated: "North Korea has decided to announce the opening of Kimchaek (formerly Songjin) to foreign investment in the near future, and that Chongjin will become a zone for foreign investment in November. It is watching the developments of the situation."

The sources said North Korea has finalized a plan to actively attract capital and technology from such countries as the United States and Japan, as well as from ROK businesses, not only to the Najin-Sonbong area but to these new economic zones as well.

President Sends Condolences on Fukuda's Death

SK0507144595 Seoul YONHAP in English
1224 GMT 5 Jul 95

[FBIS Transcribed Text] Seoul, July 5 (YONHAP) — President Kim Yong-sam on Wednesday afternoon sent a message of condolence to the bereaved family of the late former Japanese Prime Minister Takeo Fukuda, expressing his condolences over Fukuda's death.

"I am deeply grieved over the death of the deceased who had been a friend of our country's over a long period of time," the president said in the message.

"The peoples of the two countries will keep in mind for long the great achievements the deceased had made while striving to improve Korea-Japan relations as chairman of the Japan-Korea Parliament Union and the Japan-Korea Cooperation Council."

Trade Delegation Seeking Japanese Investors

SK0507002895 Seoul THE KOREA TIMES in English
5 Jul 95 p 8

[FBIS Transcribed Text] A high-powered delegation, comprising senior government officials and business leaders, will leave for Tokyo next Monday [10 July] to attract more Japanese investors.

The 70-man delegation met to discuss strategies for their six-day visit to Tokyo and Osaka at the Korea Foreign Trade Association (KFTA) yesterday afternoon.

At the meeting, Trade, Industry and Energy Minister Pak Chae-yun emphasized the need for active publicity campaigns to enhance the awareness of the favorable investment climate that has been created here for foreign investment.

"Now more than ever, Japanese companies feel the need to take their manufacturing overseas to remain competitive amid the strengthening of the yen and we must let them know that Korea is a suitable destination," he said.

Headed by Deputy Trade, Industry and Energy Minister Chong Hae-chu, the delegation will concentrate on such strategic industries as machinery, electronics, and parts and components for automobiles.

Government Awards Vietnam $800,000 for Study

SK0707084495 Seoul YONHAP in English
0751 GMT 7 Jul 95

[FBIS Transcribed Text] Bangkok, July 7 (YONHAP) — South Korea will grant Vietnam 800,000 U.S. dollars to conduct a feasibility study of the Ya-soup multipurpose project in the socialist country.

Chong Tae-tong, South Korean ambassador to Thailand, initialed an agreement Friday with Le Van Minh, officer-in-charge of the Mekong River Commission Secretariat, to conduct a feasibility study using the 800,000-dollar grant from the South Korean Government.

The multi-purpose project is aimed at improving the standard of living for Vietnamese residing in the Ya-soup district, Dac Loc Province, in the central highlands of Vietnam.

The study will be launched within 18 months by the Mekong River Commission.

Meanwhile, the province is now suffering a 60,000-ton rice shortage per annum, and residents there must endure poor living conditions even though the area has great potential for agricultural development.

Mandela Meets With President, Business Group

'Summit' With Kim Yong-sam

SK0707044995 Seoul YONHAP in English
0441 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — South Korean President Kim Yong-sam and his South African counterpart Nelson Mandela held a summit meeting Friday [7 July] morning and exchanged views on international issues affecting the two countries and ways to increase practical bilateral relations.

During the meeting at Chongwadae [presidential offices], both leaders agreed to make positive efforts so that South Korean businesses would participate in South Africa's economic development plan and the two countries' businesses would jointly develop the natural resources of the African state.

They agreed to make common efforts to expand their bilateral trade and to allow business firms to mutually advance into each other's country in accordance with the conclusion of three agreements on dual taxation avoidance, investment guarantees and aviation.

Kim and Mandela also agreed to maintain their close relationship in the international arena and expressed satisfaction with the rapidly-developing relations between the two states since the establishment of diplomatic relations in 1992.

Sharing a common view that the North Korean nuclear issue is directly related to world peace, both leaders resolved to push for the complete settlement of the nuclear problems through international organizations.

In connection with inter-Korean relations, President Kim said he expects North Korea would return to the dialogue table with South Korea, explaining that the inter-Korean talks will be resumed when the North Korean leadership is formalized.

In a joint press conference after the meeting, President Kim emphasized that "our sincere and candid talks about our strong convictions of democracy and state administration will further promote friendship and increase cooperation between the two countries."

Addresses Business Association

MB0707082695 Johannesburg SAPA in English 0751 GMT 07 Jul 95

[Address by South African President Nelson Mandela to heads of major South Korean business associations in Seoul on 7 July, issued on the SAPA PR wire service]

[FBIS Transcribed Excerpt] Distinguished guests; ladies and gentlemen.

It is a great honour to be able to meet with the leaders of such important South Korean business associations. A meeting of this kind can only have beneficial results for both South Korea and South Africa. I would therefore like to thank you for this opportunity.

In South Africa we have great admiration for the achievements of your country. You have lifted South Korea from extremely difficult circumstances to become one of the "four Asian tigers" and one of the major economic success stories of this era. Your spectacular dynamic growth provides many lessons from which countries such as ours can learn a great deal.

South Africa is therefore studying your experience with great interest as we embark upon the process of reconstruction and development. There are many pointers to the potential for greatly expanded economic links between South Korea and South Africa. [passage omitted]

In the short period since we began our transition to democracy, trade between us, albeit from a small base, has rapidly grown. For us it is particularly pleasing that our exports to South Korea almost doubled in the two years after 1992, when your government lifted the economic sanctions.

Products of South Korean design are now very familiar in South Africa. We would however like to see much more trade between our countries. Above all, we are convinced that there is great scope for direct investment which will be both profitable and beneficial to our business communities and nations. [passage omitted]

The Republic of Korea is one of our most important trading partners. While it ranked 13th in 1994, total growth in trade has increase by some 27% in 1994 alone. This is given added poignancy by the increased involvement of Korean investors in our economy. [passage omitted]

In quite a few countries we have visited, questions have been raised about stability and security in our country, about crime and industrial actions. One could go on and on, quoting the successes we are scoring against crime, as a result of the co-operation between the law-enforcement agencies and communities. This was unthinkable in the apartheid era. One could go on and on extolling the virtues of our rainbow nation, particularly its capacity to bury the past and together tackle the future. We could spend time explaining the principled commitment our government and people have for consensus in dealing with major national matters; and explaining the partnership between business, labour and government in working out industrial strategies.

But the most reliable witness to all this are the large South Korean companies that have already opened offices in South Africa. Some of them have entered into joint ventures with South African companies. The confidence of investors in the future of our country is also reflected by the Korean companies which are already becoming involved in RDP [Reconstruction and Development Program] projects such as housing.

The task we face is to speed up these efforts and diversify our relations. There is complementarity between our economies. South Korea and South Africa could become close and good partners in many fields. This requires creativity on the part of the private sector in both our countries. This will benefit our economies and ensure significant dividends for our business communities. But, above all, it will provide fertile ground for the flourishing of democracy, human rights and many other values that our nations share. Not only will South Africans and South Koreans stand to benefit. But this will also redound to the good of Asia and Africa as a whole.

It is in this spirit that I invite you to apply your expertise and capital strength in South Africa. It is in this spirit that I encourage South African business to take part in the economy of South Korea.

Together, we can move mountains.

Engineering Unit To Participate in Angola PKO

SK0707032595 Seoul YONHAP in English 0251 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — The South Korean Government has decided to dispatch a 200-odd-member army engineering unit to Angola to take part in the United Nations' peace-keeping operations [PKO] there.

The government has also decided to extend by one year the service period of the nation's 42-member medical support group in the western Sahara, which was originally set to return in coming September.

A government official disclosed Friday [7 July] that the Peace-Keeping Operation Bill will soon be passed by the State Council and referred to the on-going special session of the National Assembly for approval.

The decisions was made in response to expectations of the United Nations and the world community that South Korea should make more contributions for world peace, now that South Korea appears certain it will become a non-permanent member of the UN Security Council next year, said the official.

"The decisions will contribute towards elevating the status of our country in the world community," the official added.

The engineering unit, which will engage in bridge construction and maintenance in areas from which land mines have been removed, will depart for Angola in October, according to the official.

Australian Auto Trade Mission Eyes Industry

SK0707091295 Seoul YONHAP in English 0848 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — Australian Minister for Industry, Science and Technology Peter Cook said Friday that his country would be "an ideal partner" for South Korea's economic development program, particularly in the automotive industry.

Cook arrived in Seoul Thursday along with an automotive business delegation to promote Australia's science and technology sectors and its automotive market.

At a press briefing Friday, Cook elaborated on the success of development down under, saying, "The image of Australia can now be seen as a hi-tech kangaroo, intelligent and literate in computer skills and modern technology, with an inventive brain capable of translating that original science strength into a world leading level."

"Therefore," he maintained, "it would be an ideal partner for the growth plans and future development that Korea has for its own people."

Along with outlining a promotional program, called "inventive Australia," introduced at the Asia-Pacific Economic Cooperation (APEC) technomart in Taejon last May, featuring notable successes in research and development, Cook discussed Australia's automotive market capabilities and the itinerary of the four-day trade mission.

The 14-member trade delegation is in Korea to heighten awareness of the benefits of the Australian automotive market. Particular strengths, Cook boasted, is that the automotive components are "high quality, leading edge, cost competitive and efficient."

The group met with Hyundai, Daewoo and Korea Automotive Industries Cooperative Association (KAICA) Thursday and will meet with Kia, Samsung and Ssangyong later Friday. On Saturday, the delegation will depart for Ulsan, where they will tour the Hyundai automobile plant.

In addition, the minister paid courtesy calls Thursday on his counterparts, Minister of International Trade and Industry Pak Chae-yun and Minister of Science and Technology Chong Kun-mo.

Currently there are four automobile producers in Australia, General Motors (GM), Ford, Toyota and Mitsubishi. If Korea chooses to produce cars in Australia, Cook offered as an incentive, a credit for the value of the Australian components used in the Korean automobile.

Cook claimed that already in Australia, Hyundai is posting a "spectacular level of growth," and that Daewoo is "making inroads through eye-catching advertisements."

The automotive trade mission, to Indonesia and Japan as well, began on July 2 and will last until July 14.

Panama Minister Discusses Trade, Visa Issues

SK0407003295 Seoul THE KOREA HERALD in English 4 Jul 95 p 2

[FBIS Transcribed Text] South Korea and Panama agreed yesterday to begin talks soon on the conclusion of a visa waiver accord between the two countries.

The agreement was reached during a meeting between Foreign Minister Kong No-myong and his visiting Panamanian counterpart Gabriel Lewis Galindo.

South Korea proposed to conclude a visa waiver agreement with Panama years ago but has since received no official response from the Panamanian government, said an official at the South Korean Foreign Ministry.

During the meeting with Kong, Galindo asked for active South Korean investment in creating an industrial complex in the plots of U.S. military bases near the Panama Canal. The bases are scheduled to be handed over to Panama by Dec. 31, 1999 along with control over the canal which links the Atlantic Ocean with the Pacific Ocean.

Galindo also hoped that South Korea would set up a research institute on Koreanology in the "City of Knowledge" planned in the plots to be left vacant by the withdrawal of the U.S. military bases.

He wanted South Korea to provide loans from its Economic Development Cooperation Fund (EDCF) to help finance a housing construction project and a health program for the low-income class in Panama.

Galindo, who began his five-day official schedule yesterday, arrived in Seoul last Friday [30 June]. It was the first visit here by a Panamanian foreign minister since South Korea and Panama established diplomatic ties in 1962.

During the visit, he will meet with heads of several state-invested organizations, including the Korea Trade Promotion Corp. and the Korea International Cooperation Agency, and private economic leaders.

He attended a seminar on investment in Panama organized by the Panamanian Embassy in Seoul last Saturday.

Bilateral trade between South Korea and Panama reached $2.6 billion last year. South Korea shipped $2 billion worth of goods to Panama last year, most of which was reexported to other Latin American countries through the Colon Free Trade Area in Panama.

Cultural Agreement Signed With Slovenia

SK0607091895 Seoul YONHAP in English 0725 GMT 6 Jul 95

[FBIS Transcribed Text] Seoul, July 6 (YONHAP) — South Korea and Slovenia Wednesday signed an agreement on cultural cooperation to promote exchanges in the fields of education, science and technology, arts and the press, a Foreign Ministry spokesman said Thursday.

The agreement was signed beteeen Vice Foreign Minister Yi Si-yong and his Slovenian counterpart Ignac Golob in the Slovenian capital of Ljubljana, he said.

Yi visited Slovenia as a special presidential envoy to invite support for the country's effort to join the United Nations Security Council (UNSC) and to enhance bilateral relations.

Kim Yong-sam To Reorganize State, Party

SK0707071195 Seoul MUNHWA ILBO in Korean 7 Jul 95 p 1

[Report by Yi Sang-ho]

[FBIS Translated Text] It has been learned that, with the upcoming 50th anniversary of national liberation and the beginning of the latter half of his term, President Kim Yong-sam is preparing a drastic reorganization of the party and government as well as epochal measures to achieve great national harmony and break the deadlock in North-South relations.

On 7 July, a high-level government authority stated: "I understand that with the dawning of the age of local autonomy, President Kim will focus on state policies for national harmony, regional unity, and improved North-South relations rather than on domestic political affairs." He continued: "It is the president's firm intention to create important momentum for improving North-South relations, particularly since 1995 is a meaningful year—it is the 50th anniversary of national liberation and the year that we began supplying rice to North Korea for the first time."

In this regard, authorities concerned are reportedly considering taking remarkable measures toward a North-South summit, toward mutual visits by separated family members in South and North Korea, and toward exchanges of North-South personnel and material. In particular, it has been learned that the government decided to discuss these issues with North Korea through various channels, including the second round of North-South vice ministerial talks slated for 15 July in Beijing.

Meanwhile, on 6 July Chief Presidential Secretary Han Sung-su stated: "The special session of the National Assembly will end on 15 July, and the president will begin his U.S. visit on 22 July." Therefore, it is unlikely the party and government reorganization will be conducted between 15 and 22 July.

Cabinet, Party Reshuffle Ruled Out

SK0607114195 Seoul YONHAP in English 1136 GMT 6 Jul 95

[FBIS Transcribed Text] Seoul, July 6 (YONHAP) — Chief presidential secretary Han Sung-su said Thursday it appears unlikely there would be major cabinet and ruling party reshuffles within the month.

"A special National Assembly session comes to an end on July 15 and President Kim Yong-sam embarks on an official visit to the United States on July 22," he said.

Ruling camp sources said earlier President Kim would effect sweeping cabinet and ruling party reshuffles shortly as a means of coping with the aftermath of the recent ruling party election defeat.

Meeting with reporters at Chongwadae [presidential offices], Han said it is unlikely that President Kim would propose a South-North summit meeting during his trip to the United States.

He said the country should retain the National Security Law as long as North Korea carries on operations against the South even after inter-Korean relations improved.

"Since the National Security Law has already been revised, I believe there would be no need to revise it again at the moment," he said.

Han also said all senior presidential secretaries verbally tendered their resignation to the president in the wake of the recent election defeat by the ruling party.

"President Kim, however, told us to make a fresh start and work harder," he said.

Stating that social reforms will be carried on in the days to come, Han said there will be some "heart-warming" reforms that would directly benefit grassroots people.

Army To Reform Recruitment, Reserve Systems

Enlisted Can Earn Commission

SK0707010995 Seoul THE KOREA TIMES in English 7 Jul 95 p 3

[FBIS Transcribed Text] The Army plans to introduce a new officer-recruiting system under which enlisted soldiers and noncommissioned officers will be eligible to be commissioned based on their performance after a certain period of training.

The recruiting system is aimed at providing a chance for foot soldiers and noncommissioned officers, the backbone of the Armed Forces, with a chance to become junior officers.

The plan is revealed as one of 267 medium and long term projects the Army will push forward at a meeting of key commanders presided over by the Chief of Staff Yun Yong-nam at the Army headquarters. All Army brigadier-level and above commanding officers attended the biannual meeting to establish the direction and goals the Army will pursue.

The 267 items the participating generals have decided to put on the list of future projects include a new strategic and tactical format, securing new weapons systems, efficient education and Army field manuals and doctrines.

Of particular note is a new strategic and tactical operation concept that the Army plans to replace [for] the U.S. one that Korea has employed virtually without any modifications. The reason behind the Army seeking the new war-execution formula is its ongoing effort to chart out the one more fitting its unique situation following many years of trial and errors while using the American version.

An Army spokesman said, "The envisioned projects will be executed through pertinent studies in parallel with a far-fetching reform in the Army organization."

In order to shore up military technological and research capabilities, the Army will provide scholarships for junior college students, who major in fields of applied science so as to cope with an increasing need for technicians and operators of ever evolving weaponry.

Reserve Training More Flexible

SK0707012795 Seoul THE KOREA HERALD in English 7 Jul 95 p 3

[FBIS Transcribed Text] Reservists four to eight years after discharge will be free to choose training dates and sites as is convenient for them beginning next year, according to the Army yesterday.

At present, all reservists are supposed to participate in drills in designated dates and sites.

The free choice of training dates and sites by trainees is part of a package of reform measures the Army announced after a conference of major commanders held at the Army Headquarters near Taejon yesterday.

Under the reform measures, noncommissioned officers and soldiers, if they apply, could be commissioned as second lieutenants when they pass a designated period of training and education.

At the conference of major commanders, presided over by Army Chief of Staff Gen. Yun Yong-nam, the Army also decided to develop tactics and strategies to effectively deter an aggression from the North, an Army spokesman said.

Kim Chong-pil Calls for Parliamentary System

SK0707032295 Seoul YONHAP in English 0225 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — President Kim Chong-pil of the United Liberal Democrats called for a constitutional amendment to replace the present presidential system of government with a parliamentary cabinet system.

Reiterating the cabinet system proposal, which he first made during the local election campaign, in his first floor speech Friday [7 July] as head of the splinter party which he founded just before the local elections, Kim argued that a major policy on state affairs should be made not by the president but by the parliament.

Noting that the presidential system is no longer effective in ruling this country, he said he would endeavor to introduce a cabinet system to realize responsible politics.

Commenting on the ruling Democratic Liberal Party's call for a revision of the election law, he said, "They ought not to make such a demand only because they lost the elections... The law was proclaimed by the president and no general elections have ever been tested by this law."

In reference to the government's North Korea policy, he demanded it be altered. "An inter-Korean summit appearing as if it were in favor (of Pyongyang) would have no meaning," he said.

He stressed, "We must not approach the unification issue with sentimental nationalism or illusions."

As for the U.S.-North Korea agreement on the supply of light-water nuclear reactors to the North, Kim claimed, "The Americans were threatened by the North Koreans into signing the pact and we were coaxed by the Americans into endorsing it."

On the rice aid to the North, Kim demanded that the government make public the full texts of the Beijing agreement and the North's apology for having forced a South Korean freighter to hoist the communist country's flag when it entered a North Korean port carrying rice from the South.

The government should have discussed the issue with parliament when it decided to provide food aid to North Korea to help alleviate its food shortage, he stressed.

As for the outcome of the local elections, Kim said when making future policy decisions the government must fully consider the wishes the voters expressed in the recent elections.

The government party must humbly admit its election setback, rather than blame the causes of its defeat on the regionalism that re-emerged during the election campaign.

"President Kim Yong-sam's call for a generational shift during the electioneering period was evidently an election campaign." He asserted, adding, "It's wrong for the president to discuss a political issue that will arise after his retirement."

The current election law requires public officials to be neutral during elections.

On the collapse of the Sampoong Department Store, Kim said lax social morals and a lack of governmental leadership were to blame, adding the heaviest possible punishment by law should be enforced on those involved in the disaster which killed and injured more than 1,000 people.

Document Forgery Suspect Visited by Officials

Vice Foreign Minister Visits

SK0507050395 Seoul YONHAP in English 0434 GMT 5 Jul 95

[FBIS Transcribed Text] Seoul, July 5 (YONHAP) — Vice Foreign Minister Yi Chae-chun Wednesday denied reports that he coaxed Choe Sung-chin, a former attache at the embassy in New Zealand involved in a Foreign Ministry document forgery case, into confessing that he had been directed by Kim Tae-chung, former president of the largest opposition party, to forge a false Foreign Ministry document to help the opposition party in the June local elections.

"How could I do that when I'm well aware that Choe has a connection with the largest opposition Democratic Party (DP), and Kim Tae-chung called Choe a democratic hero during local election campaigning," said Yi who returned home Wednesday morning while finishing his one-week mission to New Zealand trying to persuade Choe to voluntarily return to Seoul to answer prosecutors' questions regarding his connection with the alleged forged Foreign Ministry document.

"I was very displeased with the reports," Yi said. "In short, it's a nonsense which deserves no comment."

Yi said that, during a one-on-one meeting with Choe at a police station in New Zealand, he persuaded Choe to voluntarily return to South Korea to help clear up the document forgery case.

"At one point, I told Choe not to dishonor the people from Kangwon Province because I knew that Choe was born in Kangwon Province, like me," said Yi.

According to Yi, Choe remained silent during the most of the one-on-one meeting with Yi which lasted about 20 to 30 minutes, just saying that "I've never violated any law of South Korea or New Zealand, and I myself will decide on what I'm doing. Do not meddle in my business."

During the talks, neither Yi nor Choe talked about whether Choe forged the document because Yi focused on persuading Choe to return to Seoul, Yi said, adding that "the issue is up to the prosecution."

While talking with Ambassador to New Zealand Yi Tong-ik over telephone, Yi said, Choe threatened to reveal damaging imformation about the Foreign Ministry and the South Korean Embassy to New Zealand.

Before being detained by New Zealand police last Friday, Choe failed to use a passport which he borrowed from a Korean resident there and made a fuss while trying to use a travel certificate which he had taken from the South Korean embassy in New Zealand in place of the passport, Yi said.

On reports that Choe's lawyer Roger Chambers attended the heated discussions between Choe and Yi at the police station, Yi insisted the lawyer was not at the station when Yi met with Choe.

DP Official Views Visit

SK0607113395 Seoul YONHAP in English 1059 GMT 6 Jul 95

[FBIS Transcribed Text] Seoul, July 6 (YONHAP) — "Remarks made by Mr. Choe Sung-chin during a recent interview with us in New Zealand have convinced us that his assertions made in messages to Rep. Kwon No-kap were factual," a member of a Democratic Party [DP] team which has been to New Zealand to meet Choe said upon return home Thursday.

He said Choe told the DP team that soon after the contents of an original message dated last March 23 were exposed in Seoul, the Foreign Ministry flashed a doctored copy of the message with the instructions that the newly sent message be kept in place of the March 23 message which it said should be destroyed.

In New Zealand Embassy, Choe reportedly alleged, Ambassador Yi Tong-ik personally destroyed the March 23 message as told.

As to the Foreign Ministry explanation that the list of messages recorded on a magnetic tape cannot be altered under any circumstances, Choe testified that even magnetic tape records can be changed or replaced as one pleases, according to the DP team.

One of the DP team members said Assistant Foreign Minister Yi Chae-chun's offer during his recent meeting with Choe in New Zealand, adds to suspicion about the Foreign Ministry role in the incident.

Assistant Minister Yi, he said, urged Choe to make it appear as if the whole thing had happened at the suggestion of Kim Tae-chung, chairman of the Asia-Pacific Foundation, and offered Choe a two-grade special promotion.

Meanwhile, the Foreign Ministry rejected "as irresponsible contention" the remarks made by a Democratic Party team upon its return home from New Zealand.

Ministry spokesman Yu Kwang-sok said his ministry regrets that the Democratic Party officials believed in an "immoral" ex-official's assertions only despite the fact that Ambassador Yi Tong-ik explained in detail about the incident to them.

Yu said the DP officials ought to have persuaded Choe to return home forthwith since he would have nothing to fear if his assertions were true as he claimed.

Seoul Mayor Cho Attends 1st Cabinet Meeting

SK0407063995 Seoul YONHAP in English 0607 GMT 4 Jul 95

[FBIS Transcribed Text] Seoul, July 4 (YONHAP) — Seoul Mayor Cho Sun attended a cabinet meeting Tuesday [4 July] morning for the first time since being elected in the June 27 local elections.

At the meeting, Prime Minister Yi Hong-ku congratulated Cho on his success in the elections, and Cho asked for the cooperation of all ministers.

Along with other ministers, Cho studied 16 agendas including some bills and reported to the meeting about Seoul City's rescue and relief efforts at the collapsed Sampoong Department Store and about compensation for victims of the disaster.

"I thank the central government for its support to the rescue and relief effort at the Sampoong Department Store disaster," he said.

However, he said that there is a limit to the orders that a head of a local self-governing body can give to personnel from the central government.

"I hope that the central government will give their support more actively," he added.

Reportage on Sampoong Department Store Collapse

Casualty Figures Rise

SK0607121395 Seoul YONHAP in English
1210 GMT 6 Jul 95

[FBIS Transcribed Text] Seoul, July 6 (YONHAP) — Death toll from the collapse of the Sampoong Department Store in southern Seoul swelled to 135 as of 8 PM [1100 GMT] Thursday, according to the Seoul disaster headquarters.

The number breaks down to 29 males and 106 females.

Besides, 916 others were injured and those listed as missing totaled 285, a headquarters official said.

Sampoong Accused of Bribery

SK0707024095 Seoul YONHAP in English
0205 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — A joint investigation team of the prosecution and police said Friday that Yi Chun, chairman of the Sampoong Department Store, misappropriated more than 100 million won (about 132,000 U.S. dollars) from his company to bribe public officials including the then head of the Socho Ward.

The investigation team confiscated accounting records from the Sampoong Construction Co., the parent company of the department store, and uncovered that the company diverted more than 100 million won for bribing public officials.

The investigation team summoned Yi Kwang-man, chief of the construction company's Development Business Division, and Kim Ha-ung, managing director of accounting, and confirmed in the course of questioning them that Chairman Yi had bribed senior ward officials to obtain the ward office's approval for the design changes and temporary use of the department store building prior to its official dedication.

Yi Kwang-man was quoted as saying, "Chairman Yi took about 100 million won out of the corporate money to make a slush fund and instructed me to give the chief of the Socho-ku office 2 million won a month."

The joint investigation team plans to summon three incumbent ward heads and the officials who gave final approval for design changes and temporary use of the collapsed department store.

The incumbent ward head Cho Nam-ho, who was elected in the June 27 local elections, was also head of the office in August last year when the ward approved a change in the intended use of the first basement floor of the department store building.

Meanwhile, the number of victims killed by the collapse of the Sampoong Department Store increased to 138 on Friday morning, while the number of victims who remain hospitalized is 564, with 282 still missing.

Cabinet Amends Construction, Disaster Laws

SK0707085595 Seoul YONHAP in English
0802 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — The cabinet on Friday passed amendments to five construction-related laws and the calamity management law which are designed to better prevent and control man-made disasters and provide for heavier punishments to people responsible.

An amendment, in particular, paves the way for courts to mete out life imprisonment to people found responsible for shoddy construction which results in disasters claiming human lives.

The action came eight days after the tragic collapse of the Sampoong Department Store in southern Seoul, which left hundreds of people dead, injured and missing.

The five construction-related laws, the amendments of which are expected to be passed in the current special National Assembly, are laws governing construction, construction business, promotion of housing construction, safety control of facilities, and construction technology controls.

Under the current laws, those who are responsible for substandard designing, constructing, engineering, inspection, safety checking or building management that caused grave damage to facilities would be subject to a prison term of no more than five years or a fine of less than 50 million won.

Under the revisions, however, imprisonment for life or no less than three years would be the sentence mandated for those who have caused disasters resulting in deaths or injuries in case their wrongdoings proved to be intentional. In disasters involving no deaths or injuries, a prison term of no more than 10 years is provided for by the revised laws.

The State Council also passed a disaster control bill, empowering the president to declare "special disaster area" in the event of a major calamity and to extend special rescue and relief assistance.

The bill calls for establishing a "Central Safety Measures Committee" under the chairmanship of the prime minister and "regional safety measures committees" under the heads of local autonomous bodies.

Central Bank Reports Foreign Investment Trends

SK0707010895 Seoul THE KOREA HERALD in English 7 Jul 95 p 8

[FBIS Transcribed Text] Korean enterprises have been making an active direct investment in China this year, but their investment in North America has been on a sharp decline.

The Bank of Korea (BOK) said yesterday that Korean companies' direct investment in China surged 65.6 percent from $297.9 million in the first five months of 1994 to $493.4 million in the same 1995 span.

But, their investment in North America plunged 70.6 percent from $396.5 million to $116.6 million during the corresponding period.

Korean enterprises' direct investment in Southeast Asia, Europe and Latin America was also active in the January-May period of this year with the year-on-year growth rate marking 59.3 percent, 100.4 percent and 82.7 percent, respectively.

A number of Korean enterprises are moving their production bases to China and Southeast Asian countries in pursuit of cheap labor forces and an immense market potential, a BOK spokesman said.

All in all, Korea's overseas direct investment increased 10.8 percent from $1,373.2 million in the first five months of 1994 to $1,521.4 million in the same period of 1995 in terms of investment approvals, the central bank said. In terms of the investment case, however, Korea's overseas direct investment dropped 17.5 percent from 765 cases to 630 cases during the corresponding period.

About 71 percent of the total overseas investment or 447 cases were made by Korea's small- and medium-sized companies, reflecting their struggle to make the best use of cheap labor costs in foreign countries, the spokesman said.

Manufacturing companies, including assembly metals, textile & clothing and petrochemicals, topped the list of overseas direct investment with the combined investment amounting to $783 million in the first five months of the year or 51.4 percent of the total.

Trading companies came next with their investment of $164.5 million or 10.8 percent of the total, followed by overseas construction firms with $64.4 million or 4.2 percent, fishery enterprises with $9.8 million or 0.6 percent and transportation & storage businesses with $1.5 million or 0.1 percent.

BAI Considers Overall Inspection of Embassies

SK0707011195 Seoul YONHAP in English 0050 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — The Board of Audit and Inspections (BAI), prompted by the suspicion that the nation's embassy in Madrid purchased a plot of land at twice the appraised market value, may conduct a special inspection of not only the embassy in Madrid but of other overseas missions as well.

A BAI official said Friday, "we are considering conducting a special inspection of the embassy in Madrid if it appears necessary after examining a self-inspection report the Foreign Ministry will file. Special inspections of other overseas missions are also being considered if suspicions emerge about land and building purchases by overseas missions."

In the course of overseas missions buying land and buildings in the past, mainly those stationed in developing countries, there have been instances in which a mission, cheated by a local land broker, purchased property where no building permit could be obtained, the official explained.

In its routine inspection of eight overseas missions in seven countries - the United States, France, Australia, New Zealand, China, Morocco and Senegal - conducted from June 4-25, BAI focused its attention on irregularities involving the purchase of land and buildings.

In the routine inspection, BAI reportedly uncovered instances of waste associated with land and building investments. The findings are to be announced next month upon resolution by the audit committee.

Cabinet Passes Information Industry Law

SK0707032695 Seoul YONHAP in English 0229 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — Beginning next year, private industries as well as government-invested enterprises and local governments will be able to launch information and telecommunications projects, such as information networks in industrial areas, seaports and airports.

Under the Information and Communication Ministry's Basic Information Industry Promotion Law passed by the cabinet Friday [7 July], the government will set up an Information Industry Promotion Committee to be chaired by the prime minister, superseding all existing related committees.

The law, which will be referred to the parliament for approval during its current session, also calls for establishing an information industry promotion fund with investment from the government and information-telecommunications companies. The proposed fund will absorb the funds related to the promotion of the information-telecommunications industry.

No foreigners will be allowed to invest in the information-telecommunications projects to be launched in industrial areas, seaports and airports, though domestic firms will face no restrictions on their investment in these projects.

Privatization of Korea Telecom Planned

SK0507001495 Seoul THE KOREA HERALD in English 5 Jul 95 p 5

[FBIS Transcribed Text] A seismic upheaval is forecast for the domestic telecommunications industry as the government yesterday issued a set of new policy directives, including the privatization of Korea Telecom.

The government will gradually reduce its stake in Korea Telecom to less than 49 percent, virtually privatizing the state-run telecom giant.

Competition will intensify in the international call service sector as a third operator will be licensed by the end of this year.

A new entrant will be designated by year's end to offer another nationwide paging service.

Four to five companies will be selected by December to receive the service licenses for the personal communications service (PCS), trunked radio service (TRS), CT-2 (cordless telephone-second generation) and wireless data communications, respectively.

In a bid to expedite construction of more fiber-optic cable networks, competition will be introduced into the leased-line service sector.

These are parts of the policy directives aimed at strengthening the nation's telecommunications industry.

Announcing the policy plans in a press conference, Minister of Information and Communication Kyong Sang-hyon said that the trends of deregulation and privatization will accelerate in the telecom industry.

"The government is determined to develop Korea Telecom into a world-class telecom giant," said Minister Kyong.

"To that end, the ministry will extend all possible support, including revision of the current laws, to ensure that Korea Telecom remains free from the government's regulations and interferences," Kyong said.

"In addition, the government will allow Korea Telecom to freely move into all wireless telecom services, including cellular-phone and paging services, to help upgrade its international competitiveness," the minister said.

He stressed that the theory of "a 49-percent shareholding" is designed to provide more autonomy to the Korea Telecom management.

In the first move, the government is to lower its holding in Korea Telecom to 51 percent by the end of next year.

But the minister declined to reveal when the government would sell off the remaining two-percent interest.

Analysts say that a single conglomerate will still not be able to control the management of Korea Telecom as the government has no plan to abolish the 10-percent ceiling in the ownership in basic telecom operators.

"Competition will be introduced into almost all telecom fields this year, except for the local-call, long-distance and low-orbit satellite communications (LEO) services," Minister Kyong said.

"In the international call service market, the second operator, Dacom, has already accomplished a market share of 30 percent. The market seems ready to accept a third operator at this point," Kyong said.

The third international-call operator will be selected through a public bidding.

The bidding will begin next month and the selection process will be conducted in a two-tiered screening system.

Minister Kyong indicated that a second and third carrier would be "born" in the local-call and long-distance call markets after 1996.

"The number of operators in a specific telecom service should not be decided by the authorities. The market mechanism will decide on that. The weaker competitors will naturally be weeded out of the market," he stressed.

All public and private enterprises will be able to apply for a specific telecom service license, regardless of a prior government notice, he said.

Commenting on the competition in the local-call sector, monopolized by Korea Telecom, the minister said that a study is under way on the possibility of licensing cable TV operators to offer the local-call service and vice versa.

Asked about the telecom-market opening schedule, Kyong said: "The government will closely watch the outcome of the WTO [World Trade Organization] telecom negotiations set to end in April 1996 before revising the domestic telecom laws in 1997." "Then, domestic and foreign companies will be able to freely compete here, starting in 1998."

In preparation of the telecom market liberalization, the ministry is to gradually abolish regulations on entry into all domestic telecom sectors.

Kyong said the government will make efforts to create an atmosphere where telecom operators can engage in a "fair" competition.

The status of the Communications Commission will be upgraded to more effectively mediate in disputes among telecom companies.

Government Moves To Regulate Trust Accounts

Reducing Banks' Risk Exposure

SK0607034495 Seoul THE KOREA TIMES in English 6 Jul 95 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The government has begun to curb lopsided expansion of expensive trust deposits at banks in a move to protect them from exposure to the risk attendant on excessive competition and to help them engage in traditional commercial banking business, not risky fund management services.

The Ministry of Finance and Economy [MOFE] asked banks to accept trust deposits with maturities of more than one year. This is designed to help banks mobilize cheap funds through their ordinary bank accounts.

Banks have been barred from guaranteeing fixed returns at the time when trust accounts are opened. The government said returns on trust assets must be performance-based, saying that it is unreasonable and risky for banks to lock in fixed returns when they accept trust funds from customers.

Furthermore, banks have been discouraged from accepting "unspecified" trust deposits, meaning that banks and customers must sign agreements that specify where the money is to be invested at the time the account is opened.

In a move to curb the excessive growth of trust assets, the ministry also barred banks from accepting more than 5.6 trillion won in development trust accounts next year, an increase of 15 percent from the 35.8 trillion won set at the end of May this year.

Development trust accounts, which account for 28.7 percent of all bank trust deposits, have grown by an annual average of 51.5 percent since 1991. Development trust accounts are equal to long-term certificates of deposits or bank bonds with maturity of more than two years. The accounts are not subject to interest control and investment return is fixed at the time of opening.

Depositors are able to trade the accounts in the secondary market. The accounts are not subject to the reserve requirements of the central bank.

Due to such conveniences, they have grown by leaps and bounds over the past few years. The government originally planned to scrap them but was unable to do so because a sudden elimination would have a negative impact on the stock and bond market, an MOFE official said.

Customers were also asked to pick whether they will open either specific money trust accounts or non-monetary trust accounts when they open trust accounts with banks. The government's instruction is intended to bar banks from using customers' money in an arbitrary way.

The two accounts are similar in that customers designate where their money will be put when they open them but are different because banks return cash to customers when the specific money trust accounts mature, but financial instruments at the time of maturity of the non-monetary accounts. [sentence as published]

The government said it will reduce the amount of monetary stabilization bonds trust accounts must buy so that banks are able to manage money in an autonomous way. It said 50 percent of the deposits in corporate trust accounts must be funneled into buying monetary stabilization bonds, down from the current 70 percent. Furthermore, 20 percent of the money in non-monetary trust accounts must be used to buy monetary stabilization bonds, down from the current 30 percent.

From sometime this month, the government will ease the rule requiring 20-45 percent of the money in trust accounts to be extended in loans to the manufacturing sector to give banks greater autonomy in the management of customer trust assets.

Banks were asked to standardize their trust account contracts through coordination with the Korea Federation of Banks. The government said despite the huge growth in the trust accounts, there is no standardized format for such contracts.

Trust accounts outstanding deposits amount to 127 trillion won, almost equal the 150 trillion won in ordinary bank accounts, including certificates of deposit (CDs). Trust accounts are not subject to interest rate control and the reserve requirements of the central bank.

They also are not included in the M2 total money supply indicator although they represent about 48 percent of all money circulating in the banking system.

Attrition in trust accounts will weaken the competitive edge of the local banks vis-a-vis non-bank financial institutions, raising the need for banks to issue their won bonds or long-term CDs, a Citibank executive said.

Banks have waged excessive competition to expand deposits through the accounts. This has raised funding costs and exposed banks to market risks, including sharp downturns in the stock market.

The government believes that the trust asset growth will slow down in the future as third-stage interest rate deregulation is to be implemented sometime before the end of this year.

Customers To Direct Fund Use

SK0607035595 Seoul THE KOREA HERALD in English 6 Jul 95 p 8

[FBIS Transcribed Text] The government will change the operations of some bank trust accounts in the coming months to minimize the side effects of such financial instruments, the Ministry of Finance and Economy said yesterday.

Subject to the shift will be specified and development trust accounts that commercial banks sell to customers, it said.

Starting August, customers will be required to inform banks how their entrusted money will be used.

So far, customers have not been obliged to pinpoint how their entrusted money will be managed when they open trust accounts at banks.

The requirement is designed to reduce the percentage of trust accounts to bank deposits. The portion of specified and development trust accounts to total bank deposits have been on the increase.

Banks will also be required to come up with a set of standards for entering into specified and development trust accounts with customers, the ministry said.

But the ministry will lower the percentage of entrusted money that banks have to use to buy monetary stabilization bonds or the amount they have to lend to manufacturing firms, the ministry said.

Ministry Suspends Operations at Chungbuk Mutual

SK0707065495 Seoul YONHAP in English 0639 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — The Finance and Economy Ministry Friday [7 July] suspended operations at Chungbuk Mutual Savings and Finance Co. after a financial scandal involving 61 billion won (some 80 million U.S. dollars) was discovered.

A ministry official said the thrift institution had diverted 36.8 billion won from clients' deposits and call-loan funds for unauthorized uses and made illegal loans totaling 24.2 billion won.

The misappropriations of the deposits and call-loan funds were made by fabricating financial records, he added.

The scam was discovered during a credit management fund investigation that started Wednesday, just eight months after Tongbo Mutual Savings and Finance Co. was found to have made illegal loans amounting to 40 billion won.

The official said the ministry will examine the company's assets while its services, including deposit payments, will be suspended to protect depositors.

The ministry also got the immigration office to impose an exit ban on nine executives and controlling shareholders of the company, including President Yi Chong-hwa, he added.

Capitalized at 4.3 billion won, the company was established in May 1976. It now holds deposits totaling 92.1 billion won against loans totaling 65.4 billion won.

Foreign Investors Increase Stock Investments

SK0707112695 Seoul YONHAP in English 1058 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul, July 7 (YONHAP) — Foreign investors purchased 761.4 billion won worth of shares while selling 137.8 billion won worth at the Korean stock exchange in a week ending on last Thursday, showing a net purchase of 623.6 billion won in the period, a Securities Supervisory Board official said Friday.

In the preceding week of June 23-29 immediately prior to the expansion of foreigners' investment ceiling, foreign investors' trading showed 80.6 billion won in net selling.

The issues heavily purchased by foreign investors in that weeklong period included those of Korea Electric Power Corp., Samsung Electronics Co. and Korean Air (KAL).

The issues whose foreigners investment ceiling has already been used up numbered 82 as of Thursday, the official added.

High Wages, Interest Rates Hurt Competitiveness

SK0507091995 Seoul YONHAP in English 0752 GMT 5 Jul 95

[FBIS Transcribed Text] Seoul, July 5 (YONHAP) — High wages and interest rates have got South Korea lagging behind Japan and Taiwan in per capita exports, according to a report released by the Korea Foreign Trade Association (KFTA) Wednesday.

Last year, South Korea's per capita exports amounted to 2,160 U.S. dollars, representing 70 percent of Japan's 3,154 dollars and nearly half of Taiwan's 4,428 dollars.

In per capita imports, however, South Korea led Japan by 2,302 dollars to 2,191 dollars, the KFTA report said.

Consequently, South Korea has become the only country to suffer a per capita trade deficit among the newly industrializing Asian economies, except Hong Kong and Singapore which chiefly depend on entrepot trade.

South Korea also saw its share of the world market falling as a result of the weakened international competitiveness of its products.

The labor cost of export products has risen by an annual average of 4.0 percent over the past five years, the highest annual average increase, except for Taiwan among the newly industrializing Asian countries, as a result of the average annual wage hike of 16 percent against the average annual productivity rise of 11 percent in the five-year period, according to the report.

Meanwhile, financing costs, such as interest paid on loans, of the export industry accounted for 5.6 percent of the total costs, higher than those paid by Korea's rival export industries in Japan and Taiwan.

KOEX To Host French Trade Exhibition

SK0707071895 Seoul YONHAP in English 0648 GMT 7 Jul 95

[FBIS Transcribed Text] Seoul July 7 (YONHAP) — A hi-tech French exhibition will be held at the Korea Exhibition Center (KOEX) from July 13-16 to boost economic cooperation between French and Korean companies, the French Ambassador to Korea, Dominique Perreau, announced Friday [7 July].

"I hope that the trade show will contribute to reinforce economic, commercial and industrial ties," Perreau declared at a luncheon at the Hyatt Hotel, "but above all, the ties of friendship that unite our two countries."

The ambassador claimed that bilateral relations have taken on a "new spirit" since President Kim Yong-sam visited France last March.

The four-day 110-participant technology exhibition was organized by the Comite Francais des Manifestations Economiques a l'Etranger (CFME), a non-profit organization that supports the international activities of French companies.

The CFME, in particular, is striving to present France's industrial capabilities, as well as to "above all, let the many numbers of small and medium-size businesses mutually discover each other for better cooperation in the future," the CFME president, Brigitte de Gastines [spelling of name as received], proclaimed.

The trade show will represent a variety of industrial sectors to boost Franco-Korean relations: Industrial equipment, construction and civil engineering, electronics, petroleum, gas, nuclear energy, electrical equipment and industrial control systems, chemical and pharmaceutical, environmental, transport services and equipment, automobile parts and equipment, aerospace, and health and biotechnology.

Currently, there are 118 French companies operating in Korea, 20 of which are joint ventures. Most of the joint-ventures are in the chemical and pharmaceutical industries. Meanwhile, the other French companies in Korea supply and train Korean companies in machinery, construction engineering and supply, electronics and transportation equipment.

Perhaps the best known trade partnership between Korea and France is the high-speed rail train a grande vitesse (TGV) contract which was awarded to GEC-Alsthom.

There are 1000 French citizens in Korea, and 2,000 Koreans are employed by French companies. The TGV project alone is expected to bring over 250 more French to the country by the year 2000.

Domestic Semiconductors Increasingly in Demand

SK0407011495 Seoul THE KOREA TIMES in English 4 Jul 95 p 8

[By staff reporter No Chun-hun]

[FBIS Transcribed Text] The international popularity of Korean-made semiconductors is reaching new highs, with demand exceeding supply by 20 percent for the first time in 10 years.

Makers are now hiking the production of 16M DRAMs (dynamic random access memory) anticipating further changes in the market and the establishment of a new standard replacing the old 4M DRAM one.

According to industry sources, an American authority monitoring developments in the global semiconductor industry reported recently that the booking to billing (B/B) ratio soared to 1.22 in May.

Since Korean companies have a large and growing share of the chip market in the United States, said experts at the Ministry of Trade, Industry and Energy [MOTIE], it is safe to assume that their B/B is at least 1.22.

A B/B of 1.22 implies that for every 100 chips supplied, there were orders for another 22 that could not be filled because manufacturing capacity was being exceeded, they explained.

Owing to the huge demand for semiconductors, and memory chips in particular, local companies like Samsung Electronics, Hyundai Electronics Industries [HEI] and LG Semicon, are hiking their production capacity for 16M DRAMs.

Dr. Ham Sung-ho, a semiconductor expert at MOTIE, said the market share of 16M DRAM chips is certain to [illegible] that of 4M DRAMs before the end of this year, in terms of the total number of bits changing hands.

"Already the ratio calculated on this basis of 16M DRAMs should dominate the memory market before the year is out," he explained.

In anticipation of the market transition, domestic companies have been investing heavily in new manufacturing facilities, using them to put out 4M DRAMs for the time being until the demand for 16M units soar.

Im Su-kil, who is in charge of semiconductors at Samsung, said production capacity for 4M and 16M units at his company currently stands at 12 million and 3.5 million per month.

"Over the next few months, however, the capacity for 16M DRAM chips will be increased to 5-6 million, depending on market developments," he explained, implying that the value of Samsung's 16M chips will become twice that of its 4M units.

Owing to the strong demand for memory chips, their prices have also been remaining at premium levels, with 4M chips going for 11 dollars and 16M units for 44-45 dollars in the international market.

If things go according to expectations, Samsung should post an annual turnover in semiconductors of around 7 billion dollars, up from about 5 billion dollars last year. This figure includes a limited amount of non-memory chips.

Likewise, HEI is hoping to realize an annual turnover in excess of 3.3 billion dollars, having registered total sales of almost 1.5 billion dollars in the first half of the year.

HEI, which is scheduled to complete a 1.3-billion-dollar production facility in Eugene, Oregon at the beginning of 1997, is certain to become one of the world's top makers of memory chips in a couple of years.

One area in which HEI is making headway is non-memory chips. It currently operates Symbios Logic in Colorado. Symbios develops and produces customized chips and has a projected turnover of more than 500 million dollars this year, HEI officials said.

LG Semicon, another leading memory chip maker which is among the top 10 makers in the world, is also shooting for a turnover of 3.3 billion dollars this year, instead of the 2.7 billion dollars initially projected.

Daewoo, U.S. Firm Sign Semiconductor Agreement

SK0607040395 Seoul THE KOREA TIMES in English 6 Jul 95 p 8

[FBIS Transcribed Text] Daewoo Electronics has concluded an agreement with the David Sarnoff Research Center of the Stanford Research Institute for the development of semiconductors and other parts and components for multimedia display terminals.

Daewoo officials said the two groups will focus on the development of a wide range of other semiconductor chips and their applications, including those for video on demand and interactive devices, through 1997.

LG Electronics Develops Laser Diode

SK0407004295 Seoul THE KOREA TIMES in English 4 July 95 p 8

[FBIS Transcribed Text] LG Electronics has succeeded in the development of a self pulsation laser diode, a vital component in the digital video disc recorders (DVDR), the next generation video device.

The first self pulsation laser diode developed in the country is capable of pulsating within a range of 635 nanometers [nm], smaller than the conventional 780nm, LG officials explained.

Burma

Reportage Continues on Army-KNPP Fighting

Thai Officials Comment

BK0707091895 Bangkok THE NATION in English 1 Jul 95 p A2

[FBIS Transcribed Text] A full-scale battle erupted yesterday in Burma's Kayah State following the collapse of a ceasefire agreement between Karenni rebels and the State Law and Order Restoration Council, Karenni sources said.

Representatives of the Karenni National Progressive Party (KNPP) said shooting began around nine in the morning and could well continue for days.

The bulk of the fighting is said to be taking place on two fronts approximately 10 to 20 kilometres from Mae Hong Son province: at Kao Kao opposite Khun Yuan district and around Do Mo Sheh across from northern Muang district.

No reports of casualties were available as of yesterday afternoon.

At least 1,5000 [number as published] Karenni refugees have fled from a camp at Do Mo Sheh in Burma to another camp at Pang Yong in Mae Hong Son, Muang district, where facilities are said to be inadequate.

Khun Yuam district chief Wittaya Thitisutti confirmed yesterday afternoon that fighting had broken out.

Wittaya and other Thai officials stressed that this was a Burmese affair and expressed hope that it would not spill over into Thailand and affect the elections or tourism in Mae Hong Son.

He said that prior to the fighting, negotiations between Slorc and the KNPP had been taking place at Huay Namma, 15 km from the Thai border in Kayah State.

"They were discussing the price of timber," Wittaya said. Slorc's reported anger over Karenni timber sales to Thailand is thought to be one of the causes for the outbreak of hostilities.

Thai officials say they have always tried to ensure that timber imports by Thai companies have been approved by Rangoon, but add that it is often difficult to know who in Burma has the authority to approve such trade.

Slorc may also be eager to gain a better foothold from which to attack Khun Sa's forces in Shan State, which borders Kayah State in the north.

"Slorc's top objective is to gain a better position from which they can fight Khun Sa," Mae Hong Son Governor Somjet Wiriyadamrong said yesterday.

"Control over natural resources has also been a source of conflict between Slorc and the KNPP," he added.

Both Thai and Karenni sources estimate that Slorc has sent 3,000 to 4,000 troops into Kayah State.

Karenni officials say they have at most 1,000 soldiers at their disposal.

Refugees Driven Toward Thailand

BK0707092195 Bangkok BANGKOK POST in English 5 Jul 95 p 6

[FBIS Transcribed Text] Fighting between Rangoon troops and Karenni National Progressive Party [KNPP] forces has severely affected Thai timber companies granted log concessions in Burma, according to a company source.

About 3,000 Burmese troops heavily shelled a KNPP stronghold on the Thai Burmese border adjoining Mae Hong Son's Khun Yuam District late last month, causing more than 2,000 Karen refugees to gather near the border to escape.

The heavy clashes prompted Thai timber companies to transfer their equipment, trucks and workers from the area. A large quantity of logs was left behind, the source said.

The timber merchants had spent hundreds of millions of baht on their operations.

Burmese troops and the KNPP were still engaged in heavy fighting, especially around Mae Yoo Market in Burma's Kayah State.

Burmese battalions have been shelling a KNPP base at Doi Saeng pass opposite Ban Naisoi in Muang Mae Hong Son.

Rangoon is trying to seize this base to build a road leading to the territory of Shan State drug warlord Khun Sa, according to observers.

Clashes 'Partly Due' to Timber

BK0607115895 Bangkok THE NATION in English 6 Jul 95 p A5

[FBIS Transcribed Text] The Burmese army yesterday continued its attack on an ethnic Karenni guerrilla base, despite a call on Tuesday by a senior Burmese junta leader for the ethnic group to keep the peace.

One Burmese soldier was killed and another wounded during the attack yesterday south of Kauk Kauk Hill, which is about 3 kilometres from the Thai border at Mae Hong Son's Khun Yuam district, according to a Karenni

National Progressive Party [KNPP] source. There were no KNPP casualties, he said.

The source declined to reveal the size of the Karenni force. He did not know the exact strength of the attacking force, but said about 4,000 Burmese troops had crossed the Salween River to the KNPP-controlled east bank.

Intelligence sources at the border and in Bangkok said the breakdown of the bilateral ceasefire between the Karenni and the ruling Burmese State Law and Order Restoration Council (Slorc) was partly due to the timber business, licences for which were given out by both sides.

Slorc had given a concession to a Singaporean company, the Billion Group, to extract logs from the KNPP areas, while the ethnic group had allowed Thai companies to buy and take out logs from its territory.

Slorc in late 1993 imposed a ban on border timber felling and exporting of logs to Thailand. All logs have to be taken to government-authorized saw mills or exported through Rangoon port.

A KNPP source said Slorc had earlier given 10 million-kyat (US$1 equals 6 kyat at the official rate but gets 120-130 on the black market) to the KNPP for development projects in the border area, but Rangoon later informed them the money was in fact for logs that were to be extracted by the Singaporean firm.

The source said the area's natural resources belonged to the Karenni people and Rangoon had no right to exploit it.

Intelligence sources said Slorc's wish to control some of the border areas under the control of the KNPP could be another cause of the clashes, which began last Friday.

On Tuesday, Slorc leader Lt Gen [Lieutenant General] Khin Nyunt, who initiated ceasefire negotiations with alined ethnic groups across the country, travelled to eastern Karenni State where he urged the KNPP to maintain the peace.

He appealed to the group not to let the peace in the Karenni State be jeopardized and said the fighting was caused by a misunderstanding.

The Karenni source said Slorc had tried to improve the situation and urged Christian clergymen, who used to mediate in Slorc-KNPP peace talks, to help intervene to end the fighting.

"It's just another trick. They are trying to use clergymen to talk with the KNPP again," said the source. Most of the ethnic Burmese population in remote border areas were christianised during the colonial period.

The source added that since Slorc had advanced its troops onto the east bank of the Salween River, the KNPP was doing the same thing by moving its forces to attack the Burmese outposts on the west bank.

KNPP forces on Tuesday ambushed a convoy of four trucks carrying Burmese reinforcements between Shadaw and Loikaw and destroyed one vehicle. They also attacked two trucks near Dimawhso, overturning one.

Rebels 'Ready To Talk Peace'

BK0707054595 Bangkok BANGKOK POST in English 7 Jul 95 p 3

[FBIS Transcribed Text] Clashes between Burmese government troops and ethnic minority guerrillas continue in eastern Burma yesterday as the guerrillas said they were ready to talk peace providing the Burmese forces pull out of their area first.

"There were skirmishes today, the fighting is continuing," an official from the Karenni National Progressive Party (KNPP) told Reuters by telephone from the Thai-Burmese border.

The KNPP signed a ceasefire with Burma's ruling State Law and Order Restoration Council (SLORC) in March but fighting erupted last week as Burmese forces moved in force into what the KNPP says is its designated area in eastern Kayah State between the Salween River and the Thai border.

Burma's military intelligence chief, Lieutenant-General Khin Nyunt, travelled to Kayah State on Tuesday and urged the KNPP to maintain peace.

Government troops had been sent into areas of Kayah State bordering Thailand to implement security measures and prevent Thai loggers taking timber, he told local people in Loikaw, the state capital.

Khin Nyunt said the KNPP had opened fire at Burmese soldiers because of a misunderstanding but the guerrilla official rejected that explanation. "How can we attack Burmese soldiers when our soldiers stay in their bases. It's a lie, they came to our area, they want to take four points," the guerrilla official said.

"Khin Nyunt is trying to make excuses but they are lame excuses," he said. "We want to talk but first we must ask them to withdraw, then we can talk."

Karenni guerrillas first began fighting for the independence of Kayah State in 1949 just after Burma gained independence from Britain. The KNPP is one of 15 guerrilla groups which have reached ceasefires with the SLORC since 1989.

KNU, DKBA Clash Near Thai Border

BK0707092095 Bangkok BANGKOK POST in English 3 Jul 95 p 2

[FBIS Transcribed Excerpt] Fear of further clashes in nearby Burma failed to deter many of the 1,500 eligible voters in this tense border area from casting ballots in yesterday's election, according to Tha Song Yang District Chief Vanlop Sripha.

Some 200 soldiers were dispatched to guard the district's seven polling stations and no incidents were reported.

Heavy clashes between the Karen National Union [KNU] and the Democratic Karen Buddhist Army [DKBA] have been taking place just across the Moei River which forms the border with Burma.

During the most recent skirmishes last Tuesday and Wednesday, 30 mortar shells strayed across the border and landed near Ban Nong Bua School.

The fighting prompted Tha Song Yang authorities to deploy a combined force of armed volunteers, border patrol police and 34th Task Force infantrymen, with 30 men in each unit, to safeguard polling units.

Mr Vanlop expressed concern that election officials might not be able to transfer ballot boxes from the vulnerable polling stations. However, highway officers using special equipment pitched in to help and the task was completed. [passage omitted on Thai voting procedures]

Activist Groups Mark Uprising, Condemn Junta

BK0707071795 Bangkok BANGKOK POST in English 7 Jul 95 p 3

[FBIS Transcribed Text] Two Burmese activist groups yesterday marked the 33rd anniversary of the crushing of a student uprising in Rangoon with calls for the release of dissident Aung San Suu Kyi and for continued opposition to the country's military junta.

The All Burma Students' Democratic Front and the 8888 Group made the call in statements sent to news agencies in Bangkok from their headquarters in the Burmese border town of Manerplaw.

They noted that on July 7, 1962, Burmese soldiers crushed student protests at Rangoon University against the military coup four months earlier.

Hundreds of students were killed, and soldiers then blew up the student union building, "a historic symbol since the period of the anti-colonial movement."

The dissidents urged Burmese to "celebrate the spirit of July 7th" and fight for the release of 1991 Nobel Peace Prize winner Aung San Suu Kyi, who has been under house arrest in Rangoon for six years.

Also, they urged opposition to the "false ceasefires" the military government has negotiated with ethnic rebel groups, and to the "sham" national convention that is drafting a new Burmese constitution.

The 8888 Group takes its name from the August 8, 1988 start of student-led, pro-democracy demonstrations in Burma that also were brutally suppressed.

Meanwhile, in Canberra, Australia, more than 30 students today will begin an indefinite hunger strike to demand the release of Aung San Suu Kyi and all political prisoners kept in detention by the military dictatorship.

The students, including Burmese and community groups, are to rally outside the Burmese embassy. Speakers will include students recently released from prison in Bangkok who will describe the situation in Burma and the struggle for democracy.

A Burmese student from the Royal Melbourne Institute of Technology said, "We will continue the hunger strike until Daw Aung San Suu Kyi is released and the Australian government changes their soft approach to the junta.

"The policy of Gareth Evans' and his government is only acting to strengthen the grip of the brutal dictatorship on the Burmese people," the student group said.

Boundary Protocol Signed With PRC

BK3006161595 Rangoon TV Myanmar Network in Burmese 1330 GMT 30 Jun 95

[FBIS Translated Text] Deputy Foreign Minister U Nyunt Swe returned to Yangon [Rangoon] by air this evening after visiting the PRC at the invitation of Mr. Tang Jiaxuan, vice foreign minister of the PRC.

While in the PRC, the Myanmar delegation led by Deputy Foreign Minister U Nyunt Swe paid a courtesy call on Qian Qichen, vice premier of the State Council and minister of foreign affairs, and held cordial and frank discussions with Vice Foreign Minister Tang Jiaxuan on bilateral issues and international issues of common interest.

The two countries' vice foreign ministers signed the second Myanmar [Burma]-China joint boundary inspection protocol as fully authorized officials of their respective governments.

The delegation visited historical and cultural sites and economic areas near Beijing. Deputy Minister U Nyunt Swe and his party also observed the tourism industry and businesses being implemented in (?Jilin) Province. They also met and held discussions with provincial leaders and observed the mutually beneficial enterprises in Hainan Province. During their stay in China, the Myanmar goodwill delegation visited historical and cultural sites and other interesting places.

PRC Defense Minister, Party on Goodwill Visit

Delegation Arrives 5 Jul

BK0507150995 Rangoon Radio Myanmar in Burmese 1330 GMT 5 Jul 95

[FBIS Translated Text] General Chi Haotian, state councillor and defense minister of the People's Republic of China [PRC], his wife, and an 11-member goodwill delegation arrived in Yangon [Rangoon] today for a goodwill visit to the Union of Myanmar [Burma] at the invitation of Gen. Maung Aye, vice chairman of the State Law and Order Restoration Council [SLORC].

The delegation was welcomed at Yangon international airport by SLORC Secretary-1 Lieutenant General Khin Nyunt and wife; Lt. Gen. Min Thein, minister of SLORC Chairman's Office; Foreign Minister U Ohn Gyaw; Rear Admiral Tin Aye, Navy commander in chief; Major General Tin Ngwe, Air Force commander in chief; Brigadier General Khin Maung Than, chairman of Yangon Division Law and Order Restoration Council and Yangon Command commander; Mr. Yu Tiegen, charge d'affaires of the PRC embassy, and wife; Colonel Wu Hua Chang, defense attache, and embassy personnel; and responsible officials from the Ministry of Foreign Affairs.

Later, Gen. Chi Haotian, state councillor and PRC defense minister, and delegation called on SLORC Vice Chairman Gen. Maung Aye at the Defense Ministry's Zayyarthiri Hall at 1800 today. Also present for the occasion were SLORC Secretary-1 Lt. Gen. Khin Nyunt, SLORC Secretary-2 Lt. Gen. Tin U, Foreign Minister U Ohn Gyaw, Rear Adm. Tin Aye, Navy commander in chief; Maj. Gen. Tin Ngwe, Air Force commander in chief; Brig. Gen. Khin Maung Than, chairman of Yangon Division Law and Order Restoration Council and Yangon Command commander; Mr. Yu Tiegen, charge d'affaires of the PRC embassy; and Defense Attache Col. Wu Hua Chang.

Than Shwe Receives Group

BK0607145195 Rangoon Radio Myanmar in Burmese 1330 GMT 6 Jul 95

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma], received General Chi Haotian, state councillor and defense minister of the People's Republic of China [PRC], and party at the Defense Ministry's Zayyarthiri Hall at 1000 today.

Also present were SLORC Vice Chairman Gen. Maung Aye, SLORC Secretary-1 Lieutenant General Khin Nyunt, SLORC Secretary-2 Lt. Gen. Tin U, Foreign Minister U Ohn Gyaw, Major General Tin Ngwe, air force commander in chief; Thura U Aung Htet, director general of Protocol Department of the Foreign Ministry; Mr. Yu Tiegen, charge d'affaires of the PRC embassy, and Defense Attache Colonel Wu Hua Chang.

Bangladesh Returns 174 Refugees 22 Jun

BK0507015395 Rangoon THE NEW LIGHT OF MYANMAR in English 28 Jun 95 p 6

[FBIS Transcribed Text] A total of 174 persons of 33 households were transferred back from Bangladesh at various reception camps on 22 June under the agreement reached between Myanmar [Burma] and Bangladesh.

Altogether 192,376 persons of 38,804 households have been transferred back since 22 September 1992.

Brunei, Malaysia & Singapore

Malaysia

Pakistan's Benazir Bhutto Arrives for Visit

BK0607133595 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 6 Jul 95

[FBIS Translated Text] Pakistani Prime Minister Benazir Bhutto and her 20-member delegation arrived in Kuala Lumpur this afternoon to begin a three-day visit to Malaysia.

Madame Benazir arrived by Pakistani Air Force aircraft at Kuala Lumpur International Airport in Subang this afternoon. Upon arrival, she was greeted by Foreign Minister Datuk Abdullah Ahmad Badawi, Deputy Health Minister Datuk Dr. Siti Zaharah Sulaiman, and Aziz Ahmad Khan, Pakistani high commissioner to Malaysia.

Madame Benazir is accompanied by her husband, Asif Ali Zardari, who is leading the Pakistani delegation including Foreign Minister Asif Ahmad Ali, Finance Minister Makhdum Shahabuddin, four members of parliament, and several government officials.

Later, Madame Benazir was brought to Parliament Square for an official welcoming ceremony. She was greeted by Prime Minister Datuk Sri Dr. Mahathir Mohamed upon arrival at 4:50 PM [0845 GMT]. She inspected the guard of honor comprised of three officers and 103 men from the First Battalion, Royal Malay

Regiment based in Sungai Besi. The parade commander was Major Mohamed Rom Ismail.

Madame Benazir visited Malaysia in 1989 to attend the Commonwealth Heads of Government Meeting.

This type of visit will further strengthen bilateral economic and political ties between the two countries. Malaysian exports to Pakistan last year were worth U.S.$66 million, while imports were U.S. $692 million. Bilateral trade was very much in Malaysia's favor because Pakistan is the biggest importer of the country's palm oil products.

Last year Pakistan imported a total of 1.4 million metric tons of Malaysia's palm oil products.

Bhutto Speaks at Banquet

BK0707060995 Islamabad Radio Pakistan Network in Urdu 0200 GMT 7 Jul 95

[FBIS Translated Text] Prime Minister Benazir Bhutto has said a climate of peace and security is of paramount importance and as long as the Kashmir dispute remains unresolved, the situation in the region will continue to be tense. She was addressing a banquet given in her honor by Malaysian Prime Minister Mahathir bin Mohamed in Kuala Lumpur last night. Benazir Bhutto said Pakistan is ready for any meaningful dialogue at bilateral or international level with India to resolve the longstanding dispute, which is a threat to peace and security in the region. The prime minister also dwelt in her speech on the recent introduction of sophisticated weaponry in the region by India and spoke about the missile race. The prime minister called upon friendly countries like Malaysia to use their moral influence to persuade India to desist from this arms race.

Malaysian Prime Minister Mahathir Bin Mohamed in his address appreciated the policies of Prime Minister Benazir Bhutto to strengthen democracy and economic growth and promote foreign investment in Pakistan. He said such steps would accelerate economic development in Pakistan and enhance its economic collaboration with Malaysia. The Malaysian prime minister said Pakistan and Malaysia shared the Islamic faith and their commitment to the betterment of Islamic community had promoted their cooperation within the Organization of Islamic Conference. He was confident that their common concern for the preservation of international peace, stability and rule of law will see the two countries joining hands in international peace efforts in the future.

Mahathir Assures Bosnia of Continued Support

95SE0145B Kuala Lumpur UTUSAN MALAYSIA in Malay 2 Jun 95 pp 1, 2

[FBIS Translated Text] Kuala Lumpur, 1 Jun—Malaysia will give prompt attention to requests from Bosnia-Herzegovina, which has immediate need for humanitarian aid, especially to meet the increasingly critical medical demands in that country.

Prime Minister Datuk Seri Dr. Mahathir Mohamad gave this assurance to his Bosnian counterpart, Dr. Haris Silajdzic, in their meeting at the Ministry of Home Affairs today.

At the meeting, Silajdzic personally presented a list of aid items now much needed by that country.

Foreign Minister Datuk Abdullah Ahmad Badawi, who announced in a press conference the results of the meeting between the two leaders, said that Malaysia will give prompt attention to the Bosnian requests.

Abdullah said that besides the humanitarian aid, Dr. Mahathir also gave assurance that the Malaysian Army battalion now assigned to that country will remain, although a team of Malaysian observer officers will be withdrawn from the Balkan republic.

Observers

Dr. Mahathir announced last week that Malaysia has decided to withdraw 27 observer officers from Bosnia since the team cannot function effectively because of Serb terrorism. All of them will be absorbed into the Malaysian peacekeeping battalion stationed at Konjic, however.

According to Abdullah, Dr. Mahathir also stressed in the meeting that Malaysia will continue to support the struggle of the Bosnian people and is prepared to extend any help within this country's capability.

Moreover, he said, Malaysia feels that besides the humanitarian help needed by Bosnia, economic ties between the two countries need to be realized and expanded.

"Although it is hard for Malaysian businessmen to do business in Bosnia, Bosnian businessmen can come to Malaysia to set up their companies and involve themselves in the development process in Malaysia.

"In this way, we hope they will be able to provide economic capabilities for the rebuilding of their national economy when the war ends," he said.

On his visit to Croatia last year, Dr. Mahathir had proposed three-way cooperation among Croatia, Bosnia, and Malaysia in the expansion of economic cooperation.

Because of the pressures of war experienced by those two countries, however, not much change has taken place since that agreement was reached in Zagreb.

When asked whether Bosnia had asked financial aid during the meeting of the two leaders, Abdullah said the subject was not discussed.

Similarly, there was no specific discussion about augmentation of the Malaysian military force.

Nevertheless, he said, if such augmentation is needed in the future, it can be discussed by the Malaysian Government.

As for the arms blockade, Abdullah said that Bosnia continues to fight for cancellation of the blockade imposed by the United Nations.

"Malaysia and several other friendly countries support Bosnia's efforts in this matter. Bosnia merely demands its right to defend itself.

"Furthermore, if UN peacekeeping forces are not able to defend Bosnians, the Bosnians need to be given the right to defend their dignity," he said.

Abdullah, who is now acting as minister of defense, said that in the meeting Silajdzic also explained the current situation in Bosnia.

He said that the army of the Bosnian Government has an increasingly strong fighting spirit, which is demonstrated by the fact that it has held out for three years.

Asked about the process for withdrawing the Malaysian observation team, he said arrangements are now being made, including administrative arrangements with authorities in Bosnia and at the United Nations in New York.

Silajdzic arrived in this country yesterday for a two-day visit. He leaves for Brunei Darussalam at noon today.

Plan for Developed Country Status Accelerated

95SE0152A Kuala Lumpur BERITA HARIAN in Malay 4 Jun 95 pp 1, 2

[FBIS Translated Text] Kuala Lumpur (BERNAMA)—The government plans to multiply its efforts, which include increased research and development (R&D), to achieve developed country status.

Prime Minister Datuk Seri Dr. Mahathir Mohamad said that besides taking more active steps to develop physical and financial infrastructure and support services, the government will also raise the level and quality of manpower.

"Efforts to increase the use of technology and R&D will also be made," he said yesterday at the National Palace as he presented a congratulatory speech and the government's loyalty pledge at a ceremony for presentation of respects on the occasion of the paramount ruler's birthday.

While expressing his confidence that the country can achieve Vision 2020 goals, Dr. Mahathir said that the country will at the same time continue to maintain an atmosphere that is attractive to foreign and domestic investors for the sake of expanding investment in this country.

The prime minister stressed that the interests of the various communal groups will be given serious attention and that no communal group will be ignored in efforts to develop the country.

Dr. Mahathir said that all communal groups will together and equally enjoy the benefits of the development being conducted by this country, which remains secure and prosperous because of the unity and cooperation of the people.

"There is now greater public awareness that communal harmony and unity are very important to guaranteeing that the country will continue in peace, progress, and prosperity.

"If the people keep stressing harmony and oneness, the government is confident that this country will continue to enjoy stability and security," he added.

Dr. Mahathir said that the last general election proved the maturity of the people by the rejection of communal sentiments. Malay and Bumiputra [Malays and other indigenous peoples] voters did not hesitate to support non-Malay candidates, while non-Malay voters supported Malays and other Bumiputra candidates.

He said that the country's economy also remains in an encouraging condition and that the achievement of a growth rate of more than 8 percent for seven successive years since 1988 is a success that is difficult to match. The country's inflation rate is low, also.

"The country's rapidly growing economy is reflected in Malaysia's position as 17th largest exporter in the world," he stated. He said that the country's success in excellent management of its economy is praised by many international organizations and developing countries.

As for Islam as the country's official religion, the prime minister said that Malaysia will show the world that Islam is a progressive religion suitable for all eras and that Muslims can live securely and peacefully with non-Muslims.

"We also oppose any deviate interpretation of Islam that could hurt the faith of Muslims and cause division in the Islamic community.

"Therefore, the government will take firm action against any form of religious extremism or fanaticism," he said, pointing out that the last general election also clearly showed that all the people oppose any form of religious extremism.

He said that at the international level Malaysia will continue to have an active function in voicing opinions and views on issues that involve the country's interests or that deny justice to anyone.

Although Malaysia is a small country, the government will continue to condemn any form of injustice, double standard, or effort to force foreign values on the people of this country, he added.

Dr. Mahathir said that Malaysia will also continue to forge close relations with all friendly countries and that this principle is important because this country is small and depends on trade.

"Also, we must not depend on any country to protect us from threats," he said.

'Special Design' Planned for New Patrol Craft

95SE0145A Kuala Lumpur UTUSAN MALAYSIA in Malay 31 May 95 pp 1, 2

[FBIS Translated Text] Skudai, 30 May—Malaysia plans to build its first high performance patrol boat in 1998, using a special design from the Technology University of Malaysia (UTM).

The boat is being designed under the university's High Performance Patrol Boat (KPBT) program and simultaneously opens a new era in which a shipbuilding industry for this type of patrol boat is initiated.

The patrol boat, which uses "Cat-System" technology, can be equipped with all types of sophisticated equipment and weaponry to make it equal to high performance boats on the world market.

Through this program, the government will save tens of millions of ringgit, besides equipping the country's naval fleet with patrol boats equal to those used by the big world powers.

The chief of the UTM KPBT Research Program, Ahmad Fuad Ahmad Sabki, announced that the patrol boat will be built with emphasis on local suitability and ability to meet the needs of the Royal Malaysian Navy (TLDM), the Marine Police, Customs, the Marine Department, and the Fisheries Department.

He said design work is progressing actively and has great potential for success.

"The first prototype is expected to be ready by the end of 1998. The vessel can be provided with sophisticated equipment such as radar and the latest weaponry," he said when interviewed at his office today.

He said he plans to make wind tunnel tests soon and will then conduct final testing in a Balkan country possessing equipment for that purpose.

He added that the patrol boat, which will be 30 meters long and have a speed of 50 knots, will use a high-quality composite material to permit it to function well in various kinds of weather at sea.

According to Ahmad Fuad, the main materials will be Kevlar and Kevlar carbon epoxy, which have great strength and are lighter than the steel now used in the construction of patrol boats.

For that reason, he said, this patrol boat will weigh six tons, compared with the 15 tons of current patrol boats, and will be able to reach a speed of more than 50 knots.

"With a weight of only six tons, this patrol boat can be provided with more sophisticated equipment and heavy weaponry than current boats, whose equipment is limited because of weight," he said.

The chief of the KPBT Research Program added that the patrol boat, which will have 6,000 horsepower, can also be equipped with guided missiles and 22-millimeter cannons, in addition to a missile avoidance system.

The attractive thing about this system is that its construction will cost only about 14 million ringgit, compared with the 25 million ringgit paid for boats of the same class.

According to Ahmad Fuad, 800,000 ringgit have been allocated for 1994-95, and he plans to ask 14 million ringgit from the Ministry of Science, Technology and Environment for this purpose under the Seventh Malaysia Plan.

He said the step being taken by the UTM is the first of its kind. Ship design was previously done overseas.

As for the construction contract for this patrol boat, Ahmad Fuad said he has not yet appointed a shipyard in this country but that he is confident he will be able to do so.

Ban on Ozone-Depleting Substances Outlined

95SE0152B Kuala Lumpur BERITA HARIAN in Malay 24 May 95 p 12

[FBIS Translated Text] Sungai Petani, 23 May—The government plans to ban permanently all substances that could threaten the ozone layer (ozone depleting substances [ODS]) by the year 2000, Minister of International Trade and Industry Datuk Seri Rafidah Aziz announced here today.

At the same time, she advised industrialists in this country to seek alternatives to ODS in their products.

"If industry does not seek alternatives now, it will face problems in the year 2000, because there will be no more supplies of such materials from producing countries," she said.

She said this to reporters today after inaugurating a seminar on opportunities for domestic investment in the manufacturing sector.

The two-day seminar is sponsored jointly by the Malaysian Industrial Development Authority (MIDA), the Malaysian Industrial Development Finance (MIDF) Company, and the Federation of Malaysian Manufacturers (FMM).

Deputy Minister of International Trade and Industry Kerk Choo Ting and the ministry's parliamentary secretary, Hishamuddin Tun Hussein, also were present.

Rafidah said that Malaysia made a commitment under the Montreal Protocol to conduct a program to reduce the importation and use of ODS by the year 2000.

She said that Malaysia as a developing country was included in article 5 of the Montreal Protocol and that this country needs to limit the use of ODS to not more than 0.3 kilogram per capita in order to enjoy several advantages.

"Among those advantages are facilities for obtaining financial help through multilateral funds to pay for programs to eliminate use of CFC's [chlorofluorocarbons]," she said.

Rafidah said that beginning this year Malaysia will reduce imports of these substances by 10 percent, followed by a reduction of 20 percent in 1996, 30 percent in 1997, 50 percent in 1998, and 70 percent in 1999. They will be banned permanently in the year 2000.

There are now 20 types of ODS for which imports are controlled by the government: 15 types of CFC, three types of helion [as published], and one type each of carbon tetrachloride and methyl chloroform.

Last year, this country imported 7,704.84 metric tons of ODS for use in the industrial sector.

"Supplies of ODS will decline, because supplier countries such as Japan, the United States, France, and the United Kingdom are to stop production by next 31 December," she said.

She said that industries facing problems may communicate with the ministry for advice on sources of alternative substances and also for financial aid through multilateral funds.

Singapore

Joint Exercise With Malaysian Army Ends

BK0607115995 Singapore Radio Corporation of Singapore in English 1000 GMT 6 Jul 95

[FBIS Transcribed Text] The alternate arrangements of exercising in built-up areas in the jungle has enhanced the skills of both the Singapore and the Malaysian armies. Chief of the Malaysian Army, General Che Mohamed Nor Mat Rashid, made this point at the end of the bilateral army exercise — Semangat Bersatu.

General Che said exposure to fighting in built-up areas will help Malaysian Army if it is assigned peacekeeping duties and for the Singapore Army, jungle operations mean varying tactics to suit the environment. General Che also spoke of plans to upgrade the exercise from battalion to brigade level gradually.

Cambodia

Khmer Rouge on 'Slander' of Neighboring Country

BK0707060795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 6 Jul 95

["Rejection by the Spokesman of the National Army of Democratic Kampuchea"; dated 7 July — read by announcer]

[FBIS Translated Text] After the National Army of Democratic Kampuchea [NADK] and the people completely swept through and liberated An Seh [in Choam Khsan District of Preah Vihear Province] on the morning of 3 July, the two-heads, such as Prum Samen and Nuon Mok [commanders of government troops in Preah Vihear Province], jointly accused a neighboring country of doing this and that.

The NADK totally rejects this accusation and emphasizes that whenever they were defeated by the people and resistance forces, these cowards always made such accusations against someone.

This is nothing new. As a matter of fact, the two-heads, puppets of communist Vietnam, are rotten to the core, utterly obnoxious, and totally incapable. Both the civilian and military chieftains are all rotten to the core, utterly obnoxious, and incapable.

In the debacles they suffered in the past 17th dry season, the forces of the two-heads were scattered due to their casualties and the desertions from the battlefields and from their ranks. The two-heads have failed to recruit new troops. The two-heads had hardly any troops left on the Preah Vihear battlefield. They have forcibly recruited starving people as soldiers and militiamen to fight and die in their place. The people, who were very angry with them, turned against them, shot at the commanders, and fled back home from the battlefield.

Therefore, whenever they have been defeated, the two-heads have always slandered others. These Vietnamese lackeys have never condemned the Vietnamese. They have said nothing, although the millions of Vietnamese are plundering and annexing Cambodia. This proves that they are out-and-out lackeys of the communist Vietnamese.

The NADK would like once again to stress that in the past 16 to 17 years, it was the NADK and people who fought against and defeated the hundreds of thousands of communist Vietnam's aggressor troops; struggled and defeated UNTAC [UN Transitional Authority in Cambodia] and the alliance, which violated the Paris agreement by reducing its signatory parties from four to two; and attacked and inflicted successive defeats on the communist Vietnamese, alliance, and the two-heads.

For this reason, you cowardly two-heads should not accuse others of things that they have not done. You are just scum. So you had better not discharge your obnoxious smell.

Khmer Rouge Urge Government Soldiers To 'Flee'

BK0707060395 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 6 Jul 95

["Appeal to all two-headed troops on the northern part of Cambodia" — read by announcer]

[FBIS Translated Text] An Seh, the only remaining lifeline of the two-heads in the northern part of Cambodia was totally liberated by the National Army of Democratic Kampuchea [NADK] on the morning of 3 July. Route 12, which is a big artery of the two-heads in the northern part of Cambodia, has also been cut and rendered impassable.

In such a situation, how can the two-heads in the northern part of Cambodia survive? Obviously, the two-heads' soldiers, who have already suffered from famine and shortages of ammunition and everything, will not be able to survive.

Therefore, the only way to survive for the two-headed soldiers is to quickly desert the battlefield. Recently, 200 soldiers from Prey Veng Province and hundreds of soldiers from Kratie Province and from Divisions 2 and 14 fled from the battlefields. They have now escaped death. Thus, the remaining two-heads' soldiers should not hesitate too long. The longer you stay on, the more you will be killed or wounded and suffer from malaria and shortages of ammunition and rice. You are totally surrounded by mines and punji stakes. The transportation routes on the northern and southern parts are all cut off. What can you rely on? Your dying day is clearly numbered. No two-headed chieftains can rescue you. They have all run away, to Siem Reap or to Phnom Penh.

Therefore, to be able to survive and reunite with your parents, wives, and children, you — the two-headed soldiers in the northern part of Cambodia — should quickly flee from the battlefield by the unit, bringing along your guns and ammunition as the 200 soldiers in Prey Veng Province and those in Kratie Province and from Divisions 2 and 14 have done. No one dare prevent you from fleeing. Fleeing is the only way to survive for the two-headed soldiers in the northern part of Cambodia.

Khmer Rouge Radio Details 5 Jul Attacks

BK0707085795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 6 Jul 95

[FBIS Translated Text] I. At 0500 on 5 July, the army and people launched a three-pronged attack and smashed troops of the 7th Division deployed around (Kut Ta Sat) area, on Sisophon-Route 5-Poipet battlefield.

With the first prong, part of our forces attacked the 23d regiment position at (Kut Ta Sat). The second prong attacked the 231st battalion position at Lu Toek east of (Kut Ta Sat). The third prong attacked and smashed the position of the 232d battalion at Kop Toch.

These attacks to put pressure on the enemies lasted for two hours, after which we destroyed and fully liberated all the above positions.

As a result:

1. We killed 15 two-headed soldiers on the battlefields, including one regiment and one battalion officers, and wounded 20 others. We destroyed two 12.7-mm guns, three RPK's, 20 AK's, two 60-mm mortars, two motorcycles, 10 military structures, a regiment position, two battalion positions, and three company positions.

2. We seized six AK's, an AR-15, two B-40's, two K-54 pistols, a K-59, a field radio, a map, 29 82-mm mortar shells, two cases of AK ammunition, 30 rounds of RT ammunition, five B-40 rockets, 30 B- 67's, 1,650

rounds of RPK ammunition, 25 60-mm mortar shells, and a quantity of war materiel.

At about 0900 on the same day, around 100 two-headed intervention troops came from Dong Aranh to assist their colleagues at Kut Ta Sat. They stepped on two of our mines; we also ambushed them, killing five and wounding six.

II. On the morning of 5 July our army and people launched a two-pronged attack against troops of the 12th Diviion stationed at Yeay At. The first prong attacked Yeay At while the second attacked the old UNTAC [UN Transitional Authority in Cambodia] garrison.

After a two-hour battle we fully liberated and smashed these two positions. We killed eight enemy soldiers on the spot and wounded five others; destroyed an 80-mm mortar and five AK's; and seized a B-67, 200 rounds of AK ammunition, a case of M-30 ammunition, 10 B- 40 rockets, and another quantity of war materiel.

After the attack the army and people planted 5,000 punji plain stakes and 200 poisoned ones.

Ieng Muli Dispute With BLDP Reviewed

BK0607115495 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 5 Jul 95 pp 1, 11

[Report by Srei Neat]

[FBIS Translated Text] Ieng Muli, the minister of information and first vice chairman of the Buddhist Liberal Democratic Party [BLDP], who was removed from his position by the BLDP in May told reporters outside the National Assembly hall on 3 July that his steering committee would organize a party congress at the Olympic stadium complex on 9 July.

Ieng Muli said he would be able to convene an official party congress in his capacity as acting party chairman and since more than half of the party steering committee members were with him. He added that any resolution the congress makes would be equal to an official decision made by the BLDP.

There are a lot of problems arising from Ieng Muli's announcement on holding a congress because a group of Samdech Son Sann's supporters has alleged that this move by Ieng Muli, who had already been expelled from the party, runs against BLDP statute and internal rules. However, Ieng Muli's supporters have argued that Samdech Son Sann's decision to sack him as a party member and party first vice chairman violates party regulations, and therefore, that is unacceptable.

Ieng Muli has asked why his convening of a congress is illegal, since 20 of the 30 party steering committee members already side with him. He added that once the majority of the steering committee members supports it, the congress is legal and that any resolutions it makes will be constituted as official decisions of the BLDP that all party members should abide by.

Reacting to Ieng Muli's explanation about convening the party congress, Kim Sokha, a senior BLDP official and a supporter of Samdech Son Sann, told reporters that the congress will violate party rules because Ieng Muli had already been expelled from the party. He added that the congress would be nonsensical because it would not be recognized; nobody would be responsible for it and its decisions would be not be accepted. He argued that a congress could in no way be arranged by only four or five steering committee members. If it could, he added, Pol Ham, Son Chhai, or I could do likewise.

Kim Sokha stressed that what was important was whether the organization of the congress and its resolutions would be recognized. He said he believed that the two major political parties would not give their recognition because the action was illegal.

Ieng Muli said as his steering committee had already rejected Samdech Son Sann's decision, he was still a BLDP leader. He also disclosed that Meas Chanleap, the BLDP treasurer and one of the five steering committee members who had decided to sack him, was now siding with him. Ieng Muli optimistically said the number of the steering committee members rallying behind him would rise.

It is worth recalling that on 13 May, five of the steering committee members, including Samdech Son Sann and their excellencies Son Soubert, Meas Chanleap, Kiet Sokun, and Koy Chhoeun, handed down a decision to expel Ieng Muli as party first vice chairman and party member on the grounds that he had violated party discipline, committed injustice, and was corrupt.

After that, Samdech Son Sann appointed his son Son Soubert as party first vice chairman to replace Ieng Muli and Kiet Sokun, who was assistant to BLDP treasurer Meas Chanleap. Kiet Sokun became party secretary general replacing Son Soubert.

Samdech Son Sann's decision precipitated an immediate confrontation between Ieng Muli and his supporters, especially party second vice chairman Penn Thol on the one hand, and the samdech and his followers on the other. Somehow, the latest situation indicates that a majority of the important members of the party leadership have sided with Ieng Muli.

Kim Sokha said Samdech Son Sann was legally right and that only unbecoming people strived to propagandize and maneuver. He added that those who act according to the rule of law do nothing, like Samdech Son Sann, who remains calm at the moment.

It is known that shortly after sacking Ieng Muli, Samdech Son Sann went overseas. He has not returned yet.

Ieng Muli has criticized Samdech Son Sann for appointing his son Son Soubert as party first vice chairman while he was party chairman. He added that this was obviously absolute nepotism.

Kim Sokha told REAKSMEI KAMPUCHEA, however, denied that it constituted nepotism. Rather, Son Soubert was chosen based on his leadership qualities. He explained that if another person had been appointed, he would not have been able to persuade other personalities to unite.

What is most important at this point is the final fate of Ieng Muli and Samdech Son Sann, which will be decided by the 9 July party congress, the holding of which is said to be legitimate by one side but illegitimate by the other. All in all, the side which is supported by the majority of the party Steering Committee members will be the winner and will be legitimate in accordance with democratic principles.

Indonesia

Reaction to Withdrawal of Envoy Nomination

Legislators Comment

BK0707091995 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 7 Jul 95

[FBIS Translated Text] Two members of parliament have given their views on the government's decision to temporarily leave vacant the post of the Indonesian ambassador in Australia. Our correspondent Togi Sihombing reports:

[Begin Sihombing recording] The Indonesian Government's decision to temporarily leave vacant its ambassadorial post in Canberra, Australia, is viewed by parliamentarians as a wise and understandable move even though Indonesia's disappointment is apparent. Theo Sambuaga, chairman of the Inter-Parliamentary Cooperation Agency, said the decision to vacate the post shows our disappointment with Australia, which should have seen the event as Indonesia's wish to maintain cordial bilateral ties with Australia. Australia can expect Indonesia to adopt a considerate stand toward that country, which in turn must also understand the Indonesian people's feeling.

Meanwhile, Krisantono, a member of parliament's Commission I, described the government's decision, announced by Foreign Minister Ali Alatas yesterday morning, as something wise and said it reflects the Indonesian Government's efforts to exercise self-restraint because Australia has thus far shown no efforts to improve ties with Indonesia. At present, the Indonesian Embassy in Canberra will be headed by charge d'affaires Zakaria Sumintaatmaja because of Australia's rejection of Indonesia's nomination of H.B.L. Mantiri as new ambassador-designate to replace current ambassador Sabam Siagian. [end recording]

Australia's Evans Comments

BK0607153495 Jakarta ANTARA in Indonesian 1013 GMT 6 Jul 95

[FBIS Translated Text] Jakarta, 6 July (ANTARA) — The Indonesian Government's decision to withdraw the appointment of H.B.L. Mantiri as ambassador to Canberra has been considered helpful by the Australian Government in the context of bilateral relations.

In a written statement received by ANTARA on Thursday, Australian Foreign Minister Gareth Evans said: "We truly consider Australia-Indonesia ties as the most important as indicated by the present decision taken by the Indonesian Government (concerning Mantiri)."

As such, Evans regards Lieutenant General Mantiri, who received 'high-level support' in Indonesia, as having strong qualifications for the position of ambassador to Australia, a professional reputation, a personal attachment to Australia and its people and a commitment to the Australia-Indonesia ties.

However, he said due to Australia's deep sentiment on the East Timor issue, Mantiri's comment on the 1991 Dili incident carried by the EDITOR magazine in 1992 after his appointment as the 9th Udayana regional commander, poses a serious obstacle to his appointment as Indonesia's ambassador to Australia.

Foreign Minister Evans said: "This also affects the improvements in Australian-Indonesian relations."

In his interview with the EDITOR magazine in 1992, Mantiri said the action of the security forces against the demonstrators had been quite proper.

The issue widened when a member of the Senate questioned Gareth Evans on the appointment of Mantiri, who was linked to the comments in the magazine, as ambassador.

Meanwhile, press reports say Mantiri has accepted the rejection of his nomination for the award "Loyal Soldier." He has also confirmed that he accepted the rejection.

He said: "I accept such a decision and trust that it is God's will."

Mantiri was also confident that the Indonesian Government would find a more suitable position for him.

Mantiri said: "I will not say 'no' when such an order comes direct from the government."

Editorial Views Withdrawal

BK0707130695 Jakarta REPUBLIKA in Indonesian 7 Jul 95 p 6

[Editorial: "Withdrawal of Mantiri's Nomination"]

[FBIS Translated Text] Indonesia has shown a firm attitude toward the case of the nomination of Mantiri as the next ambassador to Australia. Foreign Minister Ali Alatas has announced that the Indonesian Government decided to withdraw the nomination of Mantiri and the post of Indonesian ambassador in Australia, therefore, temporarily is left vacant.

"This decision is taken so the friendly relations between the governments and peoples of Australia and Indonesia, which have so far been well established, will not be damaged by certain groups and irrational political elements," Alatas said at a news conference yesterday.

As reported, over the past week newspapers and nongovernmental organizations in Australia have been continuously questioning the nomination of Mantiri as Indonesia's ambassador to that country. In the EDITOR weekly, they questioned Mantiri's opinion relating to the 1991 Dili incident. At that time, Mantiri, who was the commander of the Udayana military area, said that the actions of the Indonesian Army in handling the demonstrators in the Dili incident was "quite proper." This statement was cited over and over again and in fact, the protesters demanded Mantiri make an apology.

This is the reason the nomination continued to be a big issue in Australia. In the meantime, the Indonesian Government only gave a "cold" shoulder to this. This definitely is the right attitude to adopt. But Indonesia could not remain quiet when the issue of Mantiri's nomination was exaggerated. What more, when the ruling Labor Party and opposition party of Australia were behind the issue, it became impossible for Indonesia to remain quiet.

If Mantiri becomes the ambassador to Australia, he will become the representative of the Indonesian Government and the Indonesian people. Therefore, Alatas was right when he said that it was not possible for Indonesia to allow its ambassador to be the target of insult over an issue which now is entirely out of proportion. He said that Mantiri's nomination had become an instrument for political rivalry among political parties in Australia.

The move to abandon the decision to appoint Mantiri as Indonesia's ambassador to Australia is very important to the two countries. Despite the ups and downs, Indonesia and Australia had established cordial ties and of late, bilateral relations between the two countries continue to strengthen.

On the other hand, the withdrawal of Mantiri's nomination and not appointing a substitute, also reflects the Indonesian Government's attitude towards this case. This is not a common incident that occurs in diplomatic tradition. It is proper that the Australian Government view the vacancy in the post for Indonesian ambassador in Canberra — even though temporary — as a sign that the Indonesian Government is not very happy to see the developments of the case.

However, we hope that Indonesia and Australia, being the closest of neighbors and having established good bilateral relations, will seek a comprehensive settlement to the case. Obviously, we do not want see this develop into a diplomatic crisis, which could finally destroy ties between the two countries. Because, if this happens, it will be to the advantage of the groups that are against the integration of East Timor into Indonesia.

CNRM Seeks Observer Status at APEC Meeting

BK0707131295 (Internet) INDONESIA Listserv in English 1504 GMT 4 Jul 95

["Media Release" by National Council of Maubere Resistance issued on 4 July — place not given]

[FBIS Transcribed Text] CNRM [National Council of Maubere Resistance] Special Representative Jose Ramos Horta has written Senior APEC [Asia-Pacific Economic Cooperation] Officials currently meeting in Sapporo, Japan, requesting observer status for CNRM at the forthcoming APEC meeting in Osaka next November.

Referring to over 10 UN resolutions reaffirming the right of self-determination of the non-self-governing territory of East Timor, currently under Indonesian military occupation, Mr Horta's letter recalled that only days ago, the International Court of Justice, in its judgement on a case by Portugal against Australia, reiterated the status of East Timor as a non-self-governing territory whose people have the right of self-determination.

Jose Ramos Horta added in his letter to APEC that in view of the above, the East Timorese people are entitled to permanent sovereignty over the territory's natural resources, and are concerned with the territory's economic development, and its trade relations and economic links to the Asia Pacific Region, including regional environmental aspects.

Horta also mentioned that, aware of the country's location, CNRM has expressed its support for a policy of close and harmonious relations with all of East Timor's neighbouring states in Asia and the South Pacific.

The future independent Republic of East Timor will seek membership of ASEAN, and the South Pacific Forum, aspiring to develop close relationships with other APEC member states, and hopes for eventual membership in the important Asia-Pacific Economic Cooperation forum.

The CNRM Special Representative's letter to the APEC Senior Officials Meeting in Sapporo was personally delivered to the meeting's secretariat on Tuesday, 5 July, by Senator Yasuko Takemura, who visited East Timor last August as member of a controversial Japanese Parliamentarian delegation, and Ms Naoko Takahashi.

Minister Views Public Listings, Market Share

BK0607151095 Jakarta SUARA PEMBARUAN in Indonesian 4 Jul 95 p 1

[Passages within slantlines in English]

[FBIS Translated Excerpt] Jakarta, 4 Jul — President Suharto has suggested that companies that control more than 50 percent of the market *go public* as soon as possible so that they will be owned by many people and not an individual.

The head of state said this during a meeting with Ir. [Master in Engineering] Sanyoto Sastrowardoyo, minister of state for investment and chairman of the Investment Coordinating Board at Bina Graha Presidential Office in Jakarta on Tuesday morning.

Sanyoto said the term *go public* means the shares of the company will be owned by many people. In this way, the company is no longer owned by an individual, thus allowing it to expand even though it already has over 50 percent of the market.

The BKPM [National Investment Coordinating Board] says the Indofood Company now owns 82.5 percent of market and has been urged to *go public* as soon as possible. Given the current situation, the BKPM has no intention of giving the company an investment permit even though it controls over 50 percent of the market. This is in accordance with Section 33 of the 45 Constitution and regulation No. 5 under the Company Law.

On the news that companies being denied an investment permit are threatening to take their capital out of the country, Sanyoto replied that that was up to them. This is because Indonesia adopts a liberal foreign exchange system allowing anyone to bring money into the country, or to take his money out without government checks.

Actually, companies that control over 50 percent of the market are allowed to expand if the products are meant for export.

Sanyono also reported to the head of state the number of local and foreign investments approved by the government as at 15 June 1995. A total of 402 local investment worth 28 trillion rupiah have been approved. This is an 8.6 percent increase in projects, compared to the 370 approved in 1994 with a value of 25 trillion rupiah. In terms of value, the increase is 8.9 percent.

As of 15 June, 373 foreign projects worth U.S.$20.03 billion have been approved. In 1994, foreign projects approved were worth only U.S.$5.2 billion and this showed a rise of 284.6-percent.

It has been reported that Australia is Indonesia's biggest foreign investor this year, with projects worth U.S.$3.4 billion. Japan's investment is only U.S.$800 million, but this is an increase when compared to the previous year. [passage omitted on industry awards to be presented in conjunction 50th anniversary of independence this year]

Trade Minister on Trade With Australia

95SE0138A Jakarta SUARA KARYA in Indonesian 3 May 95 p 2

[FBIS Translated Text] Semarang (SUARA KARYA)—Sanyoto Sastrowardoyo, minister of investment/chairman of the Capital Investment Coordination Board, said that although economic relations between Indonesia and Australia are expanding, there are still crucial issues that must be resolved. These matters require attention, particularly since Australia has a big surplus in the balance of trade between the two countries.

Sanyoto said this Tuesday, 2 May, at the Patra Jasa Hotel, Semarang, when he opened the Forum of the Indonesia-Australia Business Council (IABC), which was also the 22d Joint Conference of the Australia-Indonesia Business Council (AIBC).

Sanyoto said that in the investment field Indonesia has launched a series of investment policies that are consistent with GATT and the Bogor Declaration. There are, however, new policies that must be introduced if the investment climate is to remain competitive with other countries in the Asia Pacific region. These new policies include reformation of laws on domestic and foreign investment, because these laws are very out-of-date. In addition, restructuring of investment incentive policies is needed so that they will be more "conducive" and competitive.

He said these issues are very pressing problems for Indonesia as it enters the 21st century in just five more years. This is especially true because the Asia Pacific area, including Indonesia, has great growth opportunity in the future. "We can now begin to see this opportunity," he said.

Sanyoto said that to face these conditions, Indonesia therefore needs to launch cooperative relations with other countries. Sanyoto said, "It is not possible for us to do all these things by ourselves in the 21st century. We must accomplish them in concert with other countries, including Australia."

As for trade relations between Indonesia and Australia, Sanyoto acknowledged that Australia still has a big surplus. As of November 1994, the total value of trade between the two countries was $1.646 billion (U.S. dollars). Australia's exports to Indonesia were worth $1.211 billion (U.S. dollars), while Indonesia's exports to Australia were worth only $433.2 million (U.S. dollars).

Australian Minister of Trade Bob McMullan said on the same occasion that there are still obstacles to expanded business ties between the two countries. "I encourage Indonesian businessmen to resolve hindrances such as tariffs. In my opinion, there are not many hindrances—merely a few—and they are in the process of reduction," he said.

According to McMullan, Indonesia is Australia's main focus. This contradicts the speculation that Indonesia is not one of Australia's priorities. He added that there are 200 Australian businessmen in Indonesia, which is larger than the delegations from Malaysia, Singapore, or China.

Government Policy on Auto Industry Criticized

95SE0138B Jakarta SUARA KARYA in Indonesian 3 May 95 p 4

[FBIS Translated Text] Jakarta (SUARA KARYA)—Leaders of the domestic automobile industry are pessimistic about developments in this business sector. They view the government as too weak in the way it carries out policies for developing the automotive industry. They worry that such inconsistency and lack of firm position will sink the domestic automotive industry.

"Frankly, I am pessimistic about the automotive industry in Indonesia, especially if conditions remain as they are now. We have been rocked to sleep with all sorts of promises," Sjarnoebi Said, national automotive industry leader and pioneer, who is also president commissioner of PT [Limited Company] Krama Yudha-Mitsubishi Motors Group, said in a press interview Tuesday [2 May] in Jakarta.

Sjarnoebi Said spotlighted the various weaknesses which, in his opinion, will trigger the failure of the national automotive industry. "Government policy is too weak. Look at South Korea. The automotive industry there was developed by presidential decree. South Korea was determined to have its own automobile plant in 10 years. They were resolute. They deferred what they could not do in 10 years. We can all see that they were ultimately successful," he said.

Sjarnoebi said that Indonesia should follow South Korea's example in the way it developed the automotive industry. The government should desire and be able to introduce policy that is resolute, consistent, and continuing. "For example, the government must be resolute in limiting makes. If you can't make 10,000 units, please withdraw. We want our industry to advance. Don't do business just to seek personal profit. Now is the time," he declared.

"All Out"

Sjarnoebi explained that the government must correct many things if it wants the automotive industry to move forward. "If that is what we want, we must be 'all out.' The government must be resolute and give better facilities for attracting investors," he said.

He then cited an example, saying that the government has not rescinded the rule that bans the transfer of exclusive agency. "This regulation remains in effect until now and has not been rescinded. You can see for yourself what the reality is now," he said. There was also a regulation that an ATPM (exclusive agent for a make) must be able to reach a production level of 15,000 for commercial vehicles and 10,000 for sedans. That regulation is inoperative, he said.

Sjarnoebi worries that Indonesia will be a "laughing stock" among foreign principals because of its inconsistency in carrying out policy. "There used to be a rule that licenses would be given for building only four engine plants. Mitsubishi was the first and built an engine plant in 1983. Now there are nine, however," he said.

National Automobile

Sjarnoebi also commented on the plan of several automotive producers to develop a national automobile industry. "It is not that I do not believe it, but, in my opinion, it is too much for us to build a car ourselves without dependency on principals. This is especially true, now that more people want to conduct car business instead of developing the industry," he said.

He cited technological and design obstacles to such a plan. He said Indonesia must be honest in admitting that it does not yet have the capabilities to develop automotive technology. "We must look at our capabilities. Nationalism is good, of course, but we must be realistic," he said.

Another matter now receiving "serious attention" in domestic automotive industry circles, he said, is a government commitment to reduce the fiscal burden. "We all know that cars are expensive here because 65 percent represents tax that goes into government coffers. If the government is willing to revise these regulations, I dare to guarantee that car prices will fall. I do not merely guarantee it, because it was demonstrated when Krama Yudha Tiga Berlian Motors (distributor and ATPM for Mitsubishi vehicles in Indonesia—editor) reduced truck prices some time ago," Sjarnoebi said.

Nevertheless, he said, the automotive industry and the public must realize that the government now needs great sums for development. "We must accept that," he asserted.

Philippines

Defense Chief Notes Quiet Spratlys 'Atmosphere'

BK0707042095 Manila MANILA BULLETIN in English 4 Jul 95 p 14

[Report by Cena B. de Guzman]

[FBIS Transcribed Text] Defense Secretary Renato S. de Villa said yesterday the "atmosphere" in the disputed Kalayaan (Spratly) group of islands off Palawan "is very quiet."

"There are no new incidents, no new intrusion, and no excitement in the Spratly area," De Villa said.

"This is very good (quiet atmosphere) because it creates the atmosphere for finding peaceful means to resolve the dispute," De Villa stressed .

This developed as he said at a recent meeting between the Philippines and China to discuss the dispute, "both sides agreed to continue the consultation and dialogue in diplomatic exchanges designed to arrive at a peaceful resolution of the problem."

"The Department of Foreign Affairs (DFA) is in constant consultation with its counterpart in China," De Villa said.

EAGA To Focus on Infrastructure Development

BK0707085195 Manila MANILA BULLETIN in English 5 Jul 95 p B-4

[FBIS Transcribed Text] The East ASEAN Growth Area (EAGA) will focus heavily on infrastructure development to fast track economic integration and ensure success for this sub-regional growth center, Trade and Industry Undersecretary Cesar B. Bautista said.

Speaking before the Chamber of Real Estate and Builders Associations, Inc. (CREBA) on the theme "CREBA Meets the EAGA Challenge," Bautista said the opportunities in the real estate business are vast and unlimited in EAGA.

EAGA groups some eastern provinces of Brunei, Indonesia, Malaysia, and Philippines.

To develop this growth area, construction and improvements of facilities will be aggressively pursued, according to Bautista.

There will be demand for improved airport facilities, ports and harbors, shopping centers, and industrial estates to meet the region's future requirements, he said.

In particular, Bautista cited that tourism development was among the most important sector in the EAGA cooperation. This will be pushed especially in the North Sulawesi and the state of Sarawak, and will thus, boost the demand for the upgrading of basic tourism facilities in these areas.

Bautista said that EAGA gives priority consideration to the construction and construction materials cooperation where the Philippines serves as lead country.

During the first meeting of the Working Group on Construction Materials last May, each member country agreed to collectively share its expertise on marketing and finance, productivity and management on this sector.

Creation of Provisional Government Hits Snag

MNLF Chief Rejects Plebiscite

BK0707085895 Manila THE MANILA CHRONICLE in English 4 Jul 95 pp 1, 7

[Report by Nelson Bagaforo]

[FBIS Transcribed Text] General Santos City — Moro National Liberation Front (MNLF) Chairman Nur Misuari said yesterday his organization will reject the proposal of President Ramos to hold a plebiscite to ratify all agreements signed between the government and MNLF negotiating panels.

"If President Ramos is indeed decided to insure the success of our peace process, then, he should not go into this plebiscite because it is very dangerous," Misuari said during a press conference here.

The MNLF leader, who has been talking with local leaders to solicit their opinions on the idea of a provisional Muslim government, said "a plebiscite will only open the wounds inflicted by the decades of war in our soul and in our hearts."

On Sunday, President Ramos told a summit of Mindanao leaders that a plebiscite was necessary to confirm [illegible] all agreements entered into by the government and MNLF panels.

An estimated 50,000 people were killed and billions of pesos worth of property destroyed at the height of the Muslim insurgency war in the '70s in Mindanao.

The president said the government should make "necessary adjustments" to its position on setting up a provisional government in 13 provinces and nine cities in Mindanao and Palawan.

Explaining his stand, the president said Congress would have to pass a law before a plebiscite could be held.

The law is expected to be passed before the term of office of the incumbent officials of the Autonomous Region in Muslim Mindanao (ARMM) expires in March 1990.

"Before this date, Congress shall hopefully be able to pass an enabling act to implement the preliminary agreements in the negotiations, the conduct of a plebiscite among the people here to ratify them," Mr. Ramos said in his opening speech during the 2nd Mindanao Leaders Summit held here on Sunday.

The MNLF, on the other hand, insisted it should rule over the so- called "Bangsa Moro" areas under an agreement it forged with the Marcos dictatorship signed in Tripoli, Libya, in 1976.

That agreement, Misuari said, provides for the setting up of a provisional government "immediately after it was signed" in the provinces of Basilan, Sulu, Tawi-tawi, Zamboanga del Sur, Zamboanga del Norte, Lanao del Sur, Lanao del Norte, Maguindanao, Sultan Kudarat, North Cotabato, South Cotabato, and Palawan and the cities of Zamboanga, Pagadian, Dapitan, Dipolog, Marawi, Iligan, Cotabato, General Santos, and Puerto Princesa.

Mindanao officials, however, rejected the MNLF position, saying they will only support a provisional government that will be set up within the context of the Philippine Constitution.

South Cotabato Rep. [Representative] Daisy Avance-Fuentes said there cannot be a provisional government without a plebiscite. "Anarchy will prevail if they insist on a proposal that is not acceptable to the people," she said.

ARMM Gov. [Governor] Liningding Pangandaman also said the creation of a Muslim autonomous region outside the existing law should be decided by the people in the areas concerned.

"If the people really want to become part of the provisional government, then who are we to go against it?" Pangandaman asked.

Bukidnon Rep. Jose Zubiri opposed Misuari's idea of establishing a provisional government through negotiations, saying it will be an "oppression of the majority by the minority."

Christian leaders opposed to the government-MNLF negotiations have said that the population profile in Mindanao has changed, with Christians now outnumbering the Muslims.

Zubiri suggested that the government and the MNLF work out a new peace plan "that adheres to the legal process and must be validated by the people."

He revived an old proposal that Misuari run for governor of the ARMM. Misuari has rejected the proposal.

Plebiscite Dispute Hinders Talks

BK0707084595 Quezon City MALAYA in English 5 Jul 95 pp 1, 7

[Report by Ariel Digma, Joseph Jubelag, Minnie Cadelina, Regina Bengco, and Gil Bugaoisan]

[FBIS Transcribed Excerpt] Peace talks to resolve the Mindanao secessionist problem appeared yesterday headed for a stalemate, as executive and legislative leaders said there is no way that a provisional government for Mindanao can be established without the constitutionally required plebiscite. [passage omitted on report on release of teachers kidnapped by the Moro National Liberation Front lost command in Basilan]

The MNLF has insisted on putting up a provisional government without holding a plebiscite and by merely having Congress grant President Ramos emergency powers to establish it.

Government peace panel head Manuel Yan reiterated government's position for a plebiscite before establishing the provisional government.

He also branded as "unconstitutional" the proposal of the MNLF for government to do away with the plebiscite and instead have Congress grant the president emergency powers for the establishment of the provisional government.

The MNLF and government panels are set to hold the 6th mixed committee hearings in General Santos City July 27-29 with the aim of finally resolving the issue on the provisional government and other issues standing in the way of a peace agreement.

Nur Misuari, MNLF head, said Tuesday terrorist groups like the Abu Sayyaf will vanish with the establishment of a provisional government, citing what he said was the widespread MNLF influence in Mindanao, its armed forces, and links with several secessionist groups known to have been threatening stability in the region.

Misuari also said several vigilante groups in Mindanao, like the Ilagas, are being the peace initiatives through the MNLF.

Defense Secretary Renato de Villa expressed fears that the peace efforts with the MNLF could be jeopardized if splinter groups of the MNLF and other lost commands would gain strength and multiply.

The latest military intelligence on secessionist groups in Mindanao was that the Islamic Command Council [ICC] headed by one Melham Alam was responsible for the carnage of Ipil Town in Zamboanga del Sur last April.

"The overall situation is that the formation of this group, specially if this really grows, complicates the problem some more," he said.

He said Misuari surely knows that the ICC is even recruiting regular members of the MNLF, the Abu Sayyaf, and other lost commands.

The ICC, he added, is also advocating for secession and the creation of a Bangsa Moro republic.

Sen. [Senator] Ernesto Maceda said Misuari's demand for a provisional government in Mindanao has no constitutional basis because the Philippine Government has complied with the 1976 Tripoli Agreement with the establishment of the Autonomous Region for Muslim Mindanao.

Maceda said the constitutional validity of Misuari's demand should be seriously scrutinized since the enactment of the 1987 Charter, with its provisions on autonomous regions, supersedes the Tripoli Agreement.

He said the 1989 plebiscite where the provinces of Maguindanao, Sulu, Basilan, and Tawi-Tawi and Marawi City opted for autonomy ratified RA [Republic Act] 6734 which provides for an Organic Act for ARMM.

Senate President Edgardo Angara and Sen. Blas Ople said the people of Mindanao should be consulted in a plebiscite on whether they agree to a provisional government.

At the House, Rep. [Representative] Eduardo Ermita (Lakas [Lakas ng Bansa — Power of the Nation], Batangas) said there is no way the government panel will agree to foregoing a plebiscite.

Ermita, a member of the government panel, said Congress will have to come up with an enabling act amending the existing Organic Act which required that a plebiscite should be held before any provisional government is created.

Ermita said that Misuari's opposition to the holding of a plebiscite could be hinged on fears that majority of the provinces in Mindanao will not be in favor in the proposed provisional government.

Rep. Antonio Cerilles (NPC [Nationalist People's Coalition], Zamboanga del Sur) said a plebiscite would be a waste of money since a majority of the Mindanao residents have already expressed their position in the 1989 plebiscite.

Senators Object to MNLF Rule

BK0707084995 Manila PHILIPPINE DAILY INQUIRER in English 5 Jul 95 pp 1, 11

[Report by Juliet Labog]

[FBIS Transcribed Text] The proposal to set up a provisional government for Moro rebels in Mindanao ran into more trouble in the Senate with three senators expressing objections to letting the rebels rule over Christian-dominated areas in the region.

Senate President Edgardo Angara and Senators Blas Ople and Ernesto Maceda warned of a "strong backlash" from Mindanao residents.

But they supported calls for plebiscite to determine whether that people of Mindanao want to be placed under the rule of the Moro National Liberation Front [MNLF].

"We have to be mindful at this time of a strong and powerful backlash from the community in Mindanao about the apparent haste by which these structural changes are being pushed," Ople said.

"We support our government's position (to call a plebiscite). I think it would be devastating if we foist on our people a provisional government in which they have no say," Angara said.

Maceda said the demand for a provisional government was unconstitutional .

The MNLF wants Basilan, Cotabato, Davao del Sur, Lanao del Norte, Lanao del Sur, Maguindanao, Palawan, South Cotabato, Sultan Kudarat, Sulu, Tawi-Tawi, Zamboanga del Sur, Zamboanga del Norte and the cities of Cotabato, Dapitan, Dipolog, General Santos, Iligan, Marawi, Pagadian, Puerto Princesa and Zamboanga placed under Muslim rule.

"Mr. Misuari is asking for the whole of Mindanao. I think we have to hear the voice of the people of Mindanao on this," said Angara.

"We have to consult our countrymen in Mindanao if they want this provisional government. If the result of the plebiscite shows that they favor the idea, then so be it," he added.

Superseded

Maceda said the 1987 Constitution superseded the agreement between the Marcos dictatorship and the MNLF signed in Tripoli, Libya, which calls for Muslim rule in 13 provinces and nine cities.

Angara said a law could be passed to amend the Organic Act which created the Autonomous Region of Muslim Mindanao but only after an agreement has been reached by the government and the MNLF.

Manuel Yan, head of the government negotiating panel with the MNLF, said the president was expected to lobby hard for a law that would pave the way for a plebiscite and the provisional government.

Ople said the Senate will consult government officials and other experts before deciding how to deal with this issue.

Yan said a plebiscite was the best government could offer, but added that any concession was still possible if it was within the Constitution.

"You name it, if it is within the Constitution, we give it," he said.

Torres also quoted Misuari as saying he was not warning of war should the provisional government be rejected.

"I'm for total peace in Mindanao, I'm not preparing for war. We have been reasonable about terms in the negotiations to succeed," Torres quoted Misuari as saying.

MNLF breakaway group

But breakaway Moro guerrilla units are rallying behind a violent, separatist faction, and endangering peace talks, the defense department warned Tuesday.

Defense Secretary Renato de Villa told reporters that disaffected MNLF units were rallying around a former MNLF commander, Melham Alam, who has formed a new group called the Islamic Command Council.

The new group has claimed responsibility for the sacking of the Christian southern town of Ipil in April. Its emergence is an added problem for ongoing negotiations between the government and the MNLF, which espouses Muslim self-rule in parts of the south.

"I think Misuari is fully aware of the situation with respect to other groups forming and getting some of his people to join. I am confident that he knows the situation very well," De Villa added.

He admitted that "we do not have much yet" on the Islamic Command Council which, he said, was "also prone to violence and atrocities as has been demonstrated very clearly in the Ipil incident."

De Villa said Alam was attempting to patch together MNLF "lost commands" — guerrilla units which have turned to banditry since the end of a failed separatist rebellion by the MNLF in the early 1970s -"some of the Abu Sayyaf and some other elements."

A bloc of congressmen from Mindanao has vowed to "fight to the last man" the planned provisional government. Speaker Jose de Venecia said he would meet with the congressmen to discuss their objections, but added he also favored a plebiscite before the provisional government was in place.

Provisional Government Dilemma

BK0707085495 Manila THE MANILA CHRONICLE in English 5 Jul 95 p 4

[Editorial: "Mindanao peace a conundrum"]

[FBIS Transcribed Text] How to prod the Moro National Liberation to put a formal end to its secessionist war without much loss of face on its part has become a conundrum for government. The government seems to have attempted to solve it by adding another conundrum: set up a provisional government in Mindanao that will pave the way for an autonomous government as envisioned in the Tripoli accord.

The solution is a conundrum because it only worsens, not makes less disheartening, the problematic. For example, President Ramos has clarified that the establishment of the provisional government should be ratified by the affected people of Mindanao in a plebiscite, an expensive if not a danger-fraught exercise. And why conduct a costly plebiscite for a mere provisional government?

The plebiscite proposal is meant to appease non-Muslim Mindanaoans who feel that Bangsa Moro authority is being imposed on them. Their fears may indeed have been allayed, but the plebiscite can hardly make matters any better. The island's more than 40 lawmakers, taking the cue from the president have vowed to campaign for the defeat of the provisional government, sparking rancor and resentment among Muslims in the process. MNLF leader Nur Misuari is right when he says that the plebiscite will only "open the wounds inflicted by the decades of war in our soul and in our hearts."

Not that Mr. Misuari fully understands the problematic. He himself is part of the problem for insisting that any settlement to the secessionist war should be within the purview of the Tripoli Accord. This means that Misuari has come to the peace talks with no new and creative idea to end the war. He still insists that the MNLF should rule over the so-called Bangsa Moro areas under an agreement it forged with the Marcos government in Tripoli, Libya in 1976. The agreement provides for the setting up of a provisional government in 12 provinces and nine cities in Mindanao.

As we have pointed out earlier, the Tripoli agreement has become anachronistic in light of the vast demographic changes that have taken place in Mindanao since it was signed. Chief among these is the dramatic change in the population profile of Mindanao, with Christians now far outnumbering Muslims.

Misuari should also take note of the political changes that the island has undergone since the agreement was signed nearly 20 years ago. The Edsa [Epifanio de los Santos Avenue]-revolution and the toppling of the strongman Marcos resulted in a wave of unprecedented democratization that has enabled popular leaders from Mindanao, Muslim and Christian, to be elected to a representative Congress. A Constitution that was ratified by nearly 80% of Filipino voters provided for autonomy to Mindanao in a democratic setting. That experiment is still working.

That Constitution, too, provides that any new autonomous enterprise should be ratified in a referendum by the affected people. The populist condition, while satisfying the democratic requirements of the Constitution and the universal sense of justice, however, threatens to rake over coals whose fires of resentment should have been put out long ago. Such will only undermine the prospect for peace.

Plot by 'Renegade' MNLF Commander Revealed

BK0707041595 Manila MANILA STANDARD in English 5 Jul 95 p 2

[Report by Joem H. Macaspac]

[FBIS Transcribed Text] Defense officials have uncovered a plot by a renegade commander of the Moro National Liberation Front (MNLF) to form a new terrorist group in Mindanao and destroy the ongoing peace talks between the MNLF and the Ramos government.

Defense Secretary Renato de Villa said the MNLF officer, identified only as a certain Commander Mallang, has been known to have enlisted MNLF fighters as well as those from the extremist group, Abu Sayyaf, to build a formidable army that will continue the fight for the secession of Mindanao from the Philippines.

The Mallang group is called the Islamic Command Council. It began to form after the Abu Sayyaf attack on Ipil town in Zamboanga del Sur last 4 April where more than 50 people were killed and over 90 percent of the town's commercial shops destroyed.

Probers said the Abu Sayyaf was not the only group that participated in the Ipil raid. It was learned that some members of the Mallang faction of the MNLF attacked and burned some of the commercial establishments in the town.

De Villa said MNLF Chairman Nur Misuari is aware of the situation "in Mindanao since many of his men were being asked by Mallang to plan the new terrorist group.

"I think Chairman Misuari is fully aware of the situation... and that other groups are being formed... and that some of his people are being asked to join it," De Villa told Palace newsmen.

De Villa said it will be very hard to achieve peace in Mindanao if the MNLF would be divided into so many groups since the government would not know with which faction to negotiate.

Provisional Government

Misuari immediately reacted to the revelations made by De Villa by claiming that the MNLF will continue with the war if the Ramos government would not agree to a provisional government in Mindanao.

The MNLF wants to establish a temporary government covering the 13 provinces and nine cities in Mindanao.

Misuari said the MNLF will resort to violence "in case differences in opinion regarding the holding of the plebiscite on the provisional government in Mindanao is not resolved."

But Executive Secretary Ruben Torres, who met Misuari recently, said Misuari will not do anything that will jeopardize the peace negotiations.

"Misuari is for total peace," Torres said.

During a meeting in Mindanao last month, both government and MNLF representatives agreed to work for the establishment of the provisional government.

It was the MNLF's hope that the provisional government will help broaden the autonomous region in Mindanao.

But President Ramos said any decision reached by the two camps will have to be decided on by the people in a plebiscite.

The Ramos government is of the stand that any provisional government that will be formed in Mindanao should last for only one year as this would be time to allow the transformation of the provisional government to an autonomous government in the island.

Chief Says Talks' Success Hinges on NDF Panel

BK0707090695 Quezon City MALAYA in English 5 Jul 95 p 7

[Report by Minnie Cadelina and Joy Gruta]

[FBIS Transcribed Text] Defense Secretary Renato de Villa yesterday said the success of the government's peace negotiations with the National Democratic Front [NDF]-Communist Party of the Philippines now lies in the hands of the communist group following the government's rejection of its demand to release captured New People's Army leader Sotero Llamas.

In an interview before the Cabinet meeting, De Villa said the government panel is waiting for the NDF's response to the government's position that the talks cannot be held hostage to the release of Llamas.

"(Ambassador Howard) Dee is awaiting a position that the NDF will take now that we have rejected the "No Llamas, no negotiation" stand of the NDF, De Villa said.

He quoted Dee as saying that the "ball is now in their (NDF's) court." Peace negotiation between the government and the NDF was suspended a day after it opened in Brussels on June 26 because the NDF demanded the release of Llamas before talks would resume.

As this developed, Llamas was transferred at about 1:30 PM yesterday from his military detention cell to the V. Luna General Hospital due to deteriorating health condition.

Gen. Arturo Enrile, Armed Forces chief of staff, said Llamas was fetched by Col. Adelberto Zamala, station hospital chief, from the Intelligence Service of the Armed Forces of the Philippines cell.

Earlier, a group of health workers from the Health Alliance for Democracy headed by Edlina de la Paz appealed to the military authorities for the transfer of Llamas to the hospital.

Based on the findings of the group, Llamas, who sustained a gunshot wound during his capture on May 17 in Sorsogon, has not fully recovered and needed medical care.

At the same time, Llamas reportedly developed respiratory track [as published] infection and contracted influenza from other detainees.

Luis Jalandoni, head of the NDF panel, has said that unless Llamas is able to join them in the negotiations, they would not allow the talks to proceed beyond its ceremonial opening.

Enrile: Military To Focus on External Threats

BK0707085695 Manila MANILA BULLETIN in English 5 Jul 95 pp 1, 6

[Report by Cena B. de Guzman]

[FBIS Transcribed Text] General Arturo T. Enrile, Armed Forces of the Philippines (AFP) chief of staff, said that with the dwindling force of the insurgents in the country, the military can now focus its attention on external threats.

"Relatively, the peace and order is better, so we (the AFP) can now train and prepare for external threats," Enrile said.

The Philippine Army (PA) is expected to focus more on troop building.

Lt. Gen. Orlando V. Soriano, commanding general of the PA, said, "We are upgrading our capabilities. We are not procuring much equipment and mobility."

Soriano said that while the PA has the second smallest budget among the units of the AFP, it will have its share in improving its capabilities in terms of command, control, and communications.

'Sensitive Industries' Tariff Shield Approved

BK0707084695 Manila PHILIPPINE DAILY INQUIRER in English 5 Jul 95 p B1

[Report by Corrie S. Narisma]

[FBIS Transcribed Text] The government will maintain higher tariff shields on sensitive industries, including automotive and petrochemical sectors, over the next five years.

Trade and Industry Secretary Rizalino S. Navarro said the Cabinet-level committee on tariff and related matters-(TRM) finally approved a tariff restructuring program for the next five years.

The time frame was shorter than the eight to nine years earlier considered but longer than the three years pushed by local industries and the Board of Investments (BOI).

Navarro said the proposed directive will not provide a specific tariff reduction schedule between 2001 to 2002, but the rates will have to be brought down to 3 percent for raw materials and 10 percent for finished, products by 2003. All rates will be set at the uniform level of 5 percent by the year 2004.

The TRM-approved tariff reduction schedule was slated for submission to the National Economic Development Authority (Neda) Board yesterday.

Navarro said the program pegs at 37 percent the tariff differential between completely built passenger (CBUs) cars and completely knocked-down (CKD) packs up to the year 2000. Under this scheme, the CBU for cars will be slapped with a 40-percent tariff while only 3 percent will be imposed on CKDs.

The same rates will apply on motorcycles, but in the case of commercial vehicles, a 30-percent tariff may be imposed on CBUs and 3 percent for CKDs.

In exchange for the higher tariff protection, Navarro said the government is inclined to accelerate the liberalization of motor vehicle imports. Instead of the original schedule of 1998, he said the remaining quantitative restrictions on vehicle importations may be lifted this year.

For the petrochemical industry, the Cabinet-level committee agreed to increase to 20 percent the 10-percent tariff on mid-stream petrochemical products, including polyethylene and polypropylene, in 1997 when petrochemical projects registered with the BOI are expected to start commercial operations.

Navarro said the tariff on these products will be pegged at 20 percent up to the year 2000. The plan, he said, is to bring down this rate to 5 percent in 2003.

Thailand

Controversy Continues on Watthana Cabinet Post

Impact on Investment

BK0507134595 Bangkok BANGKOK POST in English 5 Jul 95 p 17

[FBIS Transcribed Text] Foreign investors are keen on Thailand because of its strong economy, but if members of the new government are "not acceptable", their confidence may be shaken, warns Thiraphong Monthianwichianchai, deputy general manager and treasury chief of Deutsche Bank in Bangkok.

The Chat Thai Party and five smaller parties are working to form a government.

Foreigners plan to inject more capital into Thailand, but whether or not this occurs will depend on the new coalition's ability to create a favorable investment climate according to Mr Thiraphong.

The domestic money market has been volatile. In January the market faced the fall-out from the Mexican peso crisis and capital flowed out of Thailand, causing commercial banks to increase interest rates several times.

But six months later, the situation has changed. Commercial banks are having to reduce interest rates because of high liquidity.

"This shows the economy is so stable that foreigners are very confident about investing in Thailand," Mr Thiraphong said yesterday.

He recommended domestic interest rates be kept at least two percentage points above those on the international market to attract continuous capital inflows. Capital inflows made local liquidity very high, forcing the interbank rate to decline to 7-7.5 percent.

As a result, banks are considering cuts in interest rates from current levels of 10-12 percent. But as interest rates abroad are about 6 percent, Mr Thiraphong said local rates should not be lower than 8 percent in order to maintain the attractiveness of the Thai market.

U.S.'Should Correct' Attitude

BK0607152395 Bangkok Radio Thailand Network in Thai 1200 GMT 6 Jul 95

[FBIS Translated Text] Suwit Simasakun, director general of the Foreign Ministry's Information Department, was asked by reporters to comment about the U.S. statement against Watthana Atsawahem, an MP of Samut Prakan Province and also deputy leader of the Chat Thai

Party. The U.S. statement says that an appointment of him as cabinet minister could complicate the bilateral relationship between Thailand and the United States, and that the United States is ready to provide Thailand with information about Watthana. To this, the director general said the United States had already interfered in the internal affairs of Thailand. He said the United States had all along been on the right path in previous U.S.-Thai relations, but this time the United States should correct its attitude. He said Thailand has its own legal institutions to deal with its people if there is evidence against the person.

Asked about the U.S. claim that it could provide evidence to Thailand, the director general said the Foreign Ministry had received no additional information so far. He said that following etiquette, the United States would address the Foreign Ministry if it wants to provide information to Thailand. He said that it is an internal affair of Thailand concerning the Chat Thai Party choice on the appointment of cabinet ministers.

U.S. Statement 'Vague'

BK0607144895 Bangkok Radio Thailand Network in Thai 1200 GMT 6 Jul 95

[FBIS Translated Text] The Army chief says the new cabinet line-up should be one of the best because it is being formed by seven political parties altogether. Army Commander General Wimon Wongwanit also wants the United States to reveal the names of those who are denied entry visas into the United States. He says the U.S. statement was vague and created suspicion among the people.

[Begin Wimon recording] The prime minister is responsible for the appointment. If his choice was not good, he would have to be responsible. Anyway, I am sure that anybody who is assuming the responsibility of prime minister will be very careful in screening the appointments.

Now concerning the foreign country, I do not understand why it has to behave in such a dubious manner instead of revealing the names and producing evidence for the public. That's what it should do. If it remains vague like this, we cannot guess — we cannot guess who are the culprits. This caused the Thai people to become suspicious of one another. In my opinion, the Thai should not become suspicious of one another; the prime minister will use his good judgment. It is our own business, but we have to keep ourselves abreast too.

I believe the government will be formed, and all seven parties will come up with their best in choosing their appointments. The line-up should be one of the best, otherwise the seven parties would not accept it. This does not concern only the quota; I think they realize that they have a common responsibility — either to be successful or to fail together. The new prime minister, in particular, I think he will try to pick the persons who are a good choice, who will contribute to correctness and stability. [End recording]

Dailies Comment on U.S. Remarks

BK0607130995

[FBIS Editorial Report] Two Bangkok vernacular dailies — MATICHON and SIAM RAT — on 6 July carry editorials, a column, and an article commenting on U.S. State Department spokesman Nicholas Burns' remarks on the formation of the Chat Thai-led coalition government.

MATICHON's 300-word editorial, on page 2, entitled: "The United States Versus the Banhan Government," says: "Chat Thai Party leader Banhan Sinlapa-acha who has not formed his new cabinet yet, had his proficiency in foreign relations tested when U.S. State Department Spokesman Nicholas Burns officially announced that ties between the U.S. and Thai Governments would be complicated and tense if the people who are believed by the U.S. to be involved in drug trafficking are included in the new cabinet. This is a challenge and riddle to solve for Banhan.

"Naturally, any Thai politician or anyone has the right to condemn the U.S. action and label it as interference in the formation of our government and a violation of diplomatic etiquette. Such a statement only evokes the feelings of uneasiness between the two countries. However, the State Department spokesman's remark should be viewed as the indication of the U.S. Government's strong determination to suppress narcotics because it has seriously threatened American society for the past two decades.

"In other words, the United States attaches higher significance to its narcotics suppression work than relations with the Thai Government. Banhan must weigh the adverse consequences if he intends to ignore the threat-like statement of the State Department spokesman.

The editorial concludes by saying: "Perhaps, the U.S. State Department spokesman's announcement might be the best reason Banhan can use to justify his decision to omit some party figures from his cabinet. If so, the people now watching his formation of the new government will be much relieved. It is to be seen if the party's members will accept this approach or not."

MATICHON's 400-word "Situation Analysis" column, on page 2, entitled: "'Watthana' Reluctantly Decided Not To Be A Minister," says: "Even David Lambertson, U.S. ambassador to Thailand, has expressed his anxiety and personally told Banhan that the statement was only the personal view of Mr. Burns.

"Despite the U.S. envoy's confirmation, Banhan is fully aware that if he appoints "those individuals" blacklisted by the United States to his cabinet, bilateral ties will be affected to a certain extent.

"The United States is the world's No. 1 power. Thailand will be plunged into a very disadvantageous position.

"Banhan attended the U.S. Independence Day reception on 4 July not only to introduce himself to foreign diplomats as the next prime minister but also to make an appointment to call on the U.S. ambassador as the first foreign ambassador after the formation of the new government is completed.

"Therefore, the best alternative for Banhan is for Watthana not to accept any post in his new cabinet.

"However, this is only temporary.

"Meanwhile, Banhan must appoint a special committee comprising representatives from the Police Department, the Department of Public Prosecution, Office of the Narcotics Control Board, and senior lawyers as suggested by Surakiat Sathianthai [a law professor from Thailand's prestigious Chulalongkon University] to investigate the U.S. allegations.

"If the allegations cannot be substantiated, Watthana is then entitled to a certificate testifying to his innocence.

"After that, a portfolio must be given to him."

SIAM RAT's 300-word editorial, on page 3, entitled: "The First Task of Our New Government," says the U.S. State Department spokesman's comment on the formation of new cabinet is a "breach of diplomatic etiquette and interference in Thailand's internal affairs."

The editorial stresses: "The new government to be formed soon should not pay any attention to that ill-intentioned utterance. The formation of the new government should be announced as quickly as possible to prove to the general public that Thailand is not a country that the United States can dictate to. At the same time, the people from the parties that form the coalition must be clean."

In conclusion, the editorial notes: "The would-be prime minister Banhan Sinlapa-acha must not forget his slogan — 'decisive, quick, and accurate' — so he should use it as a guide in solving the problem."

SIAM RAT's 1,500-word article, on page 5, entitled: "The Utterance Deserves No Attention," reviews developments in connection with Chat Thai Party's ongoing attempt to form a seven-party coalition government and reports on the U.S. State Department spokesman's comment on Thai politics.

The article says: "If the report is true, I must say it was disgusting behavior, a threat, and direct interference in Thailand's internal affairs."

"The United States, considering itself a major power, is so used to interfering in the internal affairs of other countries, in particular small nations. However, it has also learned a painful lesson from its defeat in the Vietnam war. I believe that the government does not have to pay any attention to the U.S. State Department spokesman's statement. Banhan should appoint to the new cabinet people who have the knowledge and competence to serve the interests of the country and nation."

U.S. Urged To Stop Interfering

BK0707124995 Bangkok THAI RAT in Thai 7 Jul 95 p 3

[Editorial: "The New Cabinet Line-up Is Not Inferior to Previous Ones"]

[FBIS Translated Text] The formation of a new coalition government comprised of seven parties under the leadership of Chat Thai Party leader Banhan Sinlapa-acha has been completed just two days after the general election. The Banhan-led government will be stable as it commands 233 seats in the House of Representatives while the opposition has only 158 seats.

Besides, the persons expected to assume ministerial posts are those who have knowledge and capability and are acceptable both domestically and internationally, especially those tipped to be in charge of economic affairs. People were concerned about the nominations of economic ministers because the Thai economy could be adversely affected if incapable and unacceptable persons are named to take charge of monetary and fiscal affairs.

The decision to invite the Nam Thai Party, which has 18 seats, helps improve the image and build up confidence among foreigners as Nam Thai Party leader Dr. Amnuai Wirawan will become the deputy prime minister in charge of fiscal, international trade, investment, and international economic cooperation affairs.

Amnuai will coordinate with Dr. Som Chatusiphithak, from the Chat Thai Party, who will take up the finance ministry portfolio, and Dr. Narongchai Akkharaserani, who may be named as deputy finance minister. M.R. Kasemsamoson Kasemsi of the Nam Thai Party, a professional diplomat who has proved his capability in the international arena during the Anan Panyarachun government, will be the foreign minister and Dr. Pracha

Khunakasem of the Phalang Tham Party will be his deputy.

Another good point of this cabinet is the allocation of duties for Dr. Thaksin Chinnawat to handle the traffic problems in Bangkok with full authority and Samak Sunthorawet to solve the traffic problems for the outskirts of Bangkok. If they can achieve their plans within 6 months, traffic congestion that has caused us about 70,000 million baht annually will be eased. Then, foreign investors may invest in Thailand instead of our neighboring countries.

We are happy that U.S. Ambassador to Thailand David Lambertson has assigned the embassy spokesman to make clear the U.S. stand just a few hours after U.S. State Department Spokesman Nicholas Burns interfered in Thailand's internal affairs over the formation of a new government. The embassy spokesman has announced clearly that the United States will not interfere in Thailand's internal affairs. We are happy that the United States has respected the sovereignty of the Thai people.

Thailand will be adversely affected if other countries follow the United States and make objections against Thailand. It will seem like the United States is punishing the 60 million Thai people although it has suspicions against only one Thai MP. This is injustice. The United States should not interfere in Thailand's affairs if it has good intention towards Thailand.

Watthana Demands Senior Post

BK0707024395 Bangkok THE NATION in English 7 Jul 95 pp A1, A3

[FBIS Transcribed Text] An increasingly-defiant Watthana Atsawahem stressed yesterday he would accept nothing less than the interior portfolio or first deputy prime ministership in the new Banhan Cabinet, his close aide said.

His stubborn demand came just after Washington undertook yesterday to give Bangkok more information on Thai politicians suspected of links with drug traffickers and warned anew that appointing any of them to the Banhan Cabinet would complicate bilateral ties.

Samut Prakan MP Man Phatthanothai, said Watthana's "ultimatum" was based on the fact he was first deputy leader of the Chat Thai Party.

Watthana considered himself equal to Chat Thai secretary-general Sno Thianthong, who is tipped to become interior minister, he said.

"He wants to become either interior minister or first deputy prime minister," Man said.

Chat Thai leader Banhan Sinlapa-acha, Sno, and Watthana were on Wednesday empowered by the party to select its Cabinet line-up. This was seen as a strong endorsement of Watthana's status, even though he had been denied entry to the United States on suspicion he had links to the drug trade.

U.S. State Department Spokesman Nicholas Burns yesterday responded to a series of questions filed by journalists in Washington DC about the possibility of Watthana taking a powerful post in Banhan's Cabinet.

Burns reiterated the U.S. position that the appointment "could, obviously, complicate" the bilateral relationship.

He said it was "entirely reasonable" for the U.S. administration, when asked, to express its views on the issue as the drug problem was having an enormous negative impact on American youth, and youth worldwide. The U.S. has an obligation to fight it.

"And when we think that prominent people who have been accused of this in the past may become senior members of a friendly government, we think it's entirely, entirely reasonable, when asked, to state our views."

On the validity of the information, Burns said: "Well, we stand by the information ... This is a very serious matter, when you deny a visa to a prominent person. We did it, we didn't do it on a whim. We did it for a specific reason. We're sure of our sources and we stand by those decisions.

"I'm sure we would have no problem in giving this type of information to the Thai government," he said.

When asked why people should not be given a visa and then arrested on arrival, the spokesman said that "would be an unorthodox way of doing business" and it was "a problem that the Thai government has to deal with".

Burns' statement has been criticized by many local politicians as interference in Thailand's domestic affairs.

It also coincided with a proposal by Surakiat Sathianthai, a key adviser to would-be prime minister Banhan Sinlapa-acha, that the new government should establish a national committee to investigate the U.S. allegations.

The committee, which would include respected personalities and members of various government agencies, would ask Washington to send all its information and evidence in relation to its accusations. The committee's verdict would be final.

If the allegations were found to be substantiated, the accused politicians should be prosecuted in Thailand under Thai law.

In early 1992 Washington confirmed that Narong Wongwan, another senior Chat Thai leader, had been denied a visa on the basis of his alleged activities in drug trafficking. But since Narong failed in Sunday's election, Watthana's case has drawn the most publicity.

The U.S. Embassy in Bangkok announced in a letter dated June 28, 1994 that Watthana was "ineligible for a U.S. visa" because "there is reason to believe he is or has been an illicit trafficker in a controlled substance and/or has been a known assister, abettor, conspirator or colluder with others in the illicit trafficking of controlled substances".

Most Thai politicians have criticized the U.S. move, which seems to have created the first political crisis for would-be prime minister Banhan. The first deputy prime minister's post demanded by Watthana is significant because it involves international activities when the prime minister is away.

The first deputy prime minister of the outgoing Chuan coalition, Banyat Banthatthan, supervises the Office of Narcotics Control Board.

Phalang Tham leader Thaksin Chinnawat, who had vowed never to join a Cabinet whose members have "image problems", seemed to be toning down his stand yesterday although he maintained that now was not the appropriate time for Watthana to take a Cabinet post.

"We need to seriously investigate the charges because both accused politicians are very senior. So far all it seems to be about is just a visa denial. This, actually, is a weak basis (to judge a person)," said Thaksin.

Chat Thai MP Piyanat Watcharaphon recalled that when Narong was poised to vie for the premiership in 1992 after the now-defunct Samakkhitham Party emerged the strongest after the March 22 election, U.S. drug allegations dashed his chances.

"The same thing is happening to Watthana. It's not fair, " Piyanat said.

Police chief Phot Bunyachinda reiterated yesterday there were no politicians in police records suspected of being involved in drug trafficking. He added it would be up to the new government to ask the U.S. for more information.

Army Commander-in-Chief Wimon Wongwanit criticized the United States' "ambiguous" attitude.

"All we want to know is who did what, and what the evidence is," he said. "We don't want this ambiguity."

Foreign Ministry spokesman Suwit Simasakun said the U.S. could not file charges without providing evidence to substantiate them.

He said Thailand also had the right to express an opinion when Washington became involved in Thai domestic affairs.

"If (the U.S. government) has evidence (against Thai politicians), send it to Thailand. We have a juridical system which can proceed with the case. Do not make wild accusations," warned Suwit.

The Foreign Ministry had not received any information from the U.S., he added.

Suwit Khunkitti, secretary-general of the Social Action Party, said before a meeting of core members of the Banhan coalition yesterday that the Chat Thai leader would "take national interests into account" when making a final decision on Watthana.

"Banhan will make a careful decision," he said.

Democrats Comment on Charges

BK0707015495 Bangkok THE NATION in English 7 Jul 95 p A7

[FBIS Transcribed Text] The incoming government has no choice but to set up a committee to officially clear Chat Thai executive Watthana Atsawahem of United States accusations that he had past links with drug traffickers, acting Foreign Minister Surin Phitsuwan said yesterday.

"Moves by the parties with the right to form a new government to create an investigating committee to settle (Watthana's drug connection problem) once and for all are good and right," he told Democrats attending a party meeting at a Bangkok hotel.

This was "the only way out", he said. It would be best for the new government to avoid any strain on relations between Thailand and the U.S.

Surin said there had been only official statements that some Thai politicians had been denied entry visas to the U.S. over the suspicion they had links with drug traffickers. The U.S. was still collecting evidence.

However, both the Narcotics Control Board and the Police Department had said publicly that they had no evidence linking any Thai politicians with the international trafficking of narcotics.

He said it would be the duty of the new government to settle the matter.

Surin said the new government had the sovereign power to include any politician in its cabinet.

However, it should take heed of the clear sentiments expressed by the U.S., a friend. If Watthana was appointed to the Cabinet, he might in the future have the problem of entry to the U.S..

Outgoing Interior Minister Sanan Khachonprasat said yesterday he had no personal objection to Watthana being appointed to the next Cabinet.

"Banhan Sinlapa-acha, who is forming a new government, must be absolutely sure he makes the right decision (in appointing Watthana)," he said.

Former deputy agriculture minister Suthep Thuaksuban said he realized the awkward situation Chat Thai Party was in. It was a hard decision since Watthana maintained he had done nothing wrong, and he had been elected by the voting public.

Democrat Party spokesman Aphisit Wetchachiwa said: "When the United States, a friend, has suspicions about Watthana, the decision-makers in the new government must listen and must be able to explain to the public whatever decision they make."

Deputy Democrat leader Suthat Ngoen-mun said the new government had to acknowledge the international community as Thailand was part of the global society.

Recognition by the international community was important, especially by the world's major powers.

Amnuai, Thaksin on Watthana's Inclusion

BK0707085295 Bangkok BANGKOK POST in English 7 Jul 95 pp 1, 3

[FBIS Transcribed Excerpt] Nam Thai yesterday joined Phalang Tham [PDP] in voicing concern that certain individuals linked to narcotics trafficking could be appointed to the cabinet.

Nam Thai leader Amnuai Wirawan said all coalition partners should be allowed a say in the matter.

Amnuai's statement came after the U.S. State Department reaffirmed that it has information linking Thai politicians to drugs trafficking. [passage omitted]

Nam Thai leader Amnuai said the decision on Mr Watthana's case will have to be left to the Chat Thai Party leader's discretion. Once a decision is made, each coalition partner should be allowed to express his opinion.

"If the issue becomes one of public concern, it will have to be considered," he said.

PDP leader Thaksin Chinnawat reaffirmed his previous stance of opposition to Mr Watthana's appointment..

Mr Thaksin said the Samut Prakan MP should not accept a cabinet post until he is cleared of the allegations.

Conceding that his remarks might anger Mr Watthana, the PDP leader said the Chat Thai MP should not accept a cabinet post now "because the decision will affect everybody."

However, he said it was for Mr Banhan to settle the problem. "I still believe he [Watthana] won't take it," he said. [passage omitted)

Chat Thai executive Pongphon Adireksan said Prime Minister Chuan Likphai should instruct the Foreign Ministry to set up a joint panel with the U.S. State Department to clear Mr Watthana of the allegations before the formation of the new cabinet.

The joint investigation must be done in a short period to ensure a smooth and quick formation of the Banhan cabinet and to ensure justice for Watthana.

Mr Pongphon, who has been tipped to assume the commerce portfolio, admitted that Mr Watthana has been a key figure who wields a lot of influence within the party.

He said the facts behind the allegations, which have been left untouched by the outgoing Chuan administration, need to be cleared up once and for all.

At the same time, efforts should be made within the party to overcome the question of Watthana's future, he said.

Mr Banhan will have to speak directly to Mr Watthana. He must decide whether to give him a cabinet post or to to ask him to make a sacrifice for party, Mr Pongpol said. [passage omitted]

Watthana 'Likely' To Withdraw Claim

BK0707055195 Bangkok BUSINESS DAY in English 7 Jul 95 p 1

[FBIS Transcribed Excerpt] Chat Thai deputy leader Watthana Atsawahem is likely to withdraw his demand for the Interior Ministry portfolio, one of his closest advisers said yesterday.

The source said Mr Watthana would not participate in the new Cabinet for the sake of party unity and to allow party leader Banhan Sinlapa-acha to quickly finalize the line-up of his ministers. Mr Watthana's withdrawal leaves veteran Sano Thianthong with a better chance of becoming the new interior minister, the source said.

The source spoke after Mr Watthana had come under pressure to step aside following the United States reiterating that it suspected he had possible links to the international drugs trade. [passage omitted]

U.S. Allegations Viewed

BK0707050395 Bangkok THE NATION in English 7 Jul 95 p a4

[Editorial: "Let Watthana Be Cleared by a National Committee"]

[FBIS Transcribed Text] It now seems that the controversy over Chat Thai deputy leader Watthana Atsawahem is set to drag on. Watthana on Wednesday declared that he would take a Cabinet seat despite allegations by the U.S. government that he had been linked to drug traffickers. The possibility of Watthana becoming a minister has shaken the Chat Thai-led coalition, with Phalang Tham leader Thaksin Chinnawat reiterating that he would not work in a Cabinet with an image problem.

The renewed controversy over Watthana was sparked off early this week when U.S. State Department spokesman Nicholas Burns said: "We (the U.S.) are aware that people who have been denied visas (to the United States) are being proposed as candidates for senior positions in the new Cabinet. Inasmuch as they were refused visas because we had reason to believe that they were involved in drug-trafficking, the commitment of these individuals could complicate bilateral relations between Thailand and the United States."

The U.S. Embassy in Bangkok revealed last year that it had refused visa applications by Watthana. It did the same in early 1992 to Chat Thai party chief adviser Narong Wongwan, who lost his parliamentary seat in the July 2 election.

Standing firm

On Wednesday, the United States again stood firm on its allegations. In a briefing for journalists in Washington, State Department spokesman Burns reiterated: "These individuals, who are, some of them, prominent individuals in Thai society, were denied visas. That's a very serious matter. We didn't do it on a lark: we did it for specific reasons. We're sure of our sources, and we stand by those decisions. That's what I said on Monday. I'm glad to say it again."

The last thing that Thailand needs now is for its ties with the United States to be jeopardized. Though one can easily drum up national sentiment by beating one's chest and screaming that the country is nobody's colony, it has to be borne in mind that ties with the U.S. go way back in time. Besides cooperating in security matters with Thailand, the United States too is a very important trade partner of the country, where the majority of Thai exports depend or North American markets for their survival. Strained relations with Washington could also sour things within ASEAN, for the United States is one of the major dialogue partners of the regional grouping. With Thailand due to host the ASEAN Summit at the end of the year, we can least afford to be ignored by the United States.

If some quarters are seeking to embark on a policy of confrontational diplomacy with the U.S., it would be best that they stop and think twice. The "my country, right or wrong," explanation in this circumstance will just not work in the era of international cooperation. The harsh reality is that Thailand economically cannot afford to be arrogant, and needs the support of the Western powers. There is probably one way out of this whole mess.

Dr Surakiat Sathianthai, a key adviser to prime minister-designate Banhan Sinlapa-acha and a specialist on Thai-U.S. relations, has proposed the setting up of a national committee to investigate the U.S. allegations. He said this national committee should comprise respected people and officials from the relevant government agencies, such as the Police Department and the Office of the Narcotics Control Board, and its verdict would be decisive. If the suspicions and allegations were found to be substantiated, Surakiat proposed that the accused politicians should be prosecuted in Thailand under Thai law.

Full cooperation

The United States should give its full cooperation to this national committee by handing over information on the politicians concerned, so that proper investigations could be conducted. The withholding of any vital evidence by Washington under such circumstances would only serve to drag the matter on further.

Towards this end, it has to be borne mind that Watthana was elected as an MP under democratic means, and thus entitled to be nominated as a Cabinet member under the Chat Thai quota. However, to be fair to both Thailand and the United States, the Chat Thai deputy chief should decline any Cabinet nomination until his name is cleared by the national committee.

SET Drops Due to Possible Appointment

BK0707071995 Bangkok THE NATION in English 7 Jul 95 p b10

[FBIS Transcribed Text] Fears over the arrival of Watthana Atsawahem, the deputy leader of Chat Thai Party, to the new Cabinet yesterday triggered panic selling by local investors, pushing the SET [Stocks Exchange of Thailand] index down 0.2 per cent with a heavy turnover of Bt20.28 billion.

Earlier the U.S. State Department warned that any appointments of those suspected to be involved in drug trafficking to the Chat Thai- led Cabinet would strain bilateral relations. Watthana insisted that he was clean and was entitled to a Cabinet seat, causing complications to the formation of the new Cabinet.

"Domestic investors are worried that the U.S. investors will pull their investment out of the exchange if a person, who is widely unacceptable, is appointed to run a ministry," said an analyst at James Capel Asia Ltd.

Other analysts echoed the same opinion that Watthana's appointment could scare foreign investors away. Investors, local and foreign, are watching the formation of the new government and are ready to push up the stock prices if Cabinet members represent a respectable line-up.

A trader from Ekkaphat Finance and Securities Co Ltd said rumors that Nam Thai and Phalang Tham parties might pull out of the coalition government were widespread in the afternoon session and that helped spark off a selling spree by the local investors. Foreigners kept to their wait-and-see attitude, waiting for the new government to start work, says an analyst from SBC Warburg.

Analysts warned that foreign investors may lose confidence in Thailand if some members of the new government are not widely acceptable or if the new government failed to create a favorable investment environment here. Apart from political uncertainty, investors also took profits after realizing large gains through rises of the SET index in recent days, the analysts said.

"The stock market has got overheated in the past few days and is time for a consolidation," said Sasithon Witthayaraksan, senior executive vice president of Morgan Grenfell Securities (Thai) Co Ltd. Investors were also concerned whether the U.S. Federal Reserve will lower its short-term rates. Uncertainty over the U.S. interest rate has long dampened the market sentiment, Sasithon said. Most economists agreed that the FED will likely reduce its rates in the future to shore up the economy and prevent it from sinking into a recession.

Thanong Extradition to U.S. Verdict Postponed

BK0607140595 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 6 Jul 95

[FBIS Translated Text] The court has postponed its verdict on a U.S. request to the Thai Government for the extradition of Thanong Siriprichaphong, a former MP of Chat Thai Party, to stand a trial in the United States on charges of involvement in drug trafficking.

The court this afternoon opened its hearing of the case filed by the prosecutor of the International Cooperation Division to seek the court's approval for the extradition of Thanong Siriprichaphon to stand trial in the United States on charges of involvement in marijuana trafficking. This is at the request of the United States.

Thanong did not show up at court. His lawyer, Prachum Thongmi, produced for the court a medical certificate testifying that the accused is receiving medical treatment at Suthisan Hospital for the imbalance of liquid in his ears and asked for the postponement of the verdict.

The court agreed to postpone the verdict to 17 July.

Government Stands Ground on GSP Issue

BK0707085995 Bangkok BANGKOK POST in English 7 Jul 95 p 17

[FBIS Transcribed Text] Thailand is standing firm on a request that the U.S. return GSP privileges for four categories worth about 17.5 billion baht.

A Department of Foreign Trade representative said Thailand wants favorable tariff rates returned under the U.S. Generalized System of Preferences.

The U.S. private sector, headed by the American labor union AFL- CIO requested that GSP privileges be withdrawn from Thai exports including car electrical wiring, computer monitors, and answering machines.

The union alleged there was insufficient protection for Thai workers.

No protests were lodged regarding intellectual property rights violations or opening of markets.

Mrs Oranut Osathanond, director-general of the Department of Foreign Trade, said GSP privilege cases which were reviewed and returned by the U.S. were rare situations.

Two examples which succeeded were: Lackewanna Leather Co asked that Thai buffalo leather product exporters be given back GSP privileges and General Cable Corp also requested that Venezuelan electrical wires made from aluminum be given favorable tariff rates.

Music Copyright To Collect U.S. Copyright Fees

BK0607134395 Bangkok BANGKOK POST in English 6 Jul 95 p 28

[FBIS Transcribed Text] Music Copyright (Thailand) Co will begin collecting copyright fees for the US music industry this month after being chosen to act as the authorised representative in Thailand for Broadcasting Music Inc and the American Society of Composers, Authors and Publishers.

The company's general manager, Wirat Yuthawon, said programme producers for Thai radio and television who have been entertaining audiences with US music software must begin paying for it.

On Tuesday, Mr Wirat warned representatives from radio entertainment production firms Media Plus Co, Music Network Co, U and I Corp and Siam Radio Co, that they would be required to pay fees to American music composers, authors and publishers.

He said fees would be categorised according to what time of day or night the music was played.

Stations in which music accounts for less than 25 percent of total programming would be charged a royalty fee of 0.3 percent of gross revenue, while those with 25-50 percent music component would be charged 0.48 percent. Stations with 51-75 percent music component would pay 0.6 percent, and those which played music for more than 75 percent of their programming would be charged 0.8 percent.

Music Copyright (Thailand) was registered in June 1994 to act as an authorised agent for music composers, authors and publishers, collecting fees from entertainment houses, hotels, and radio and television stations when the Copyright Law came into effect on March 22, 1995.

However, until now, the company has been unable to collect fees because Thai music publishers, including Grammy Entertainment, Khita Records and RS, refused to cooperate with it.

Traditionally, Thai music publishers offered their music to programme producers in exchange for an agreed-upon marketing and promotion plan by the station. Because the music publishers and music programmers worked together on a "mutual benefit basis", Thailand's leading music publishers had refused Music Copyright (Thailand)'s proposal to collect fees from users.

Now, about 50 independent Thai music composers and authors have allowed the company to act as their authorised agent, Mr Wirat said.

A source at one production house commented that although the plan stands up in theory, in practice, it would be very difficult for a station to monitor how many copyrighted songs it has played and what its gross revenue is.

Besides, the source said Music Copyright (Thailand) had not yet shown the production house any formal documents to prove it is the authorised representative for the American association.

Impact of Worldwide Trade Disputes Viewed

BK0607115595 Bangkok THE NATION in English 6 Jul 95 p A4

[Editorial: "Viewing the Era of Free Trade with a Jaundiced Eye"]

[FBIS Transcribed Text] At first glance, the large banner strung up by a Thai insurance company near the Makkasan intersection declaring "Beware the Farangs" seems like a throwback to another age — to a Cold Trade War era when countries hunkered behind barriers and quotas and fiercely protected their markets against outside invaders.

That time has gone and the benefits of free trade are no longer challenged. Governments from Dublin to Brasilia have been converted to the belief that open markets mean more equitable use of resources and a better deal for consumers. No longer will buyers suffer extortionate prices so that small groups of workers will be protected from open competition. The almost total acceptance of that position was demonstrated when the world lined up in Marrakesh last year to sign the new World Trade Organization into being.

Nevertheless, that banner blowing in the wind on a dusty corner in Bangkok still seems to resonate with today's world. The increasingly fractious nature of trade disputes and the aggressive leading roles being taken by governments in support of their businessmen suggests that despite all the talk of a new trade era we may be heading back to a revival of mercantilism.

The current spat between Japan and the U.S. is the most obvious, and most alarming sign of this trend. To much of the rest of the world, the U.S. position seems absurd. Despite its proclamations as the world's defender of free trade, Washington wants the Japanese to buy pre-ordained numbers of cars which are totally unsuitable to the local market. U.S. makes are invariably too large, the wrong colors, poorly finished and have misplaced steering wheels. Nevertheless, the Clinton administration has brushed aside Tokyo's complaints and pursued an aggressive punitive action that threatens to undermine the gains made by the Uruguay round of trade talks.

Clinton has made no secret that his Cabinet's promotion of trade is the center piece of his administration's agenda. In fact he laments he has not received enough credit for it. And he is not alone. Whether it is Australia turning a blind eye to human rights abuses in Indonesia or Germany rushing to tie up deals in China before the Americans returned, trade is enjoying a prominence on national agendas it has not enjoyed for decades.

Darker side

The most disturbing aspect of this transformation is how quickly it is causing the old security alliances that have ensured a relative peace since the end of the Second World War to fray.

Washington has made it clear that it will now treat its former political allies as commercial rivals. The slack that it cut Japan and its European allies to allow them the time to build up strong economies during the Cold War is a thing of the past.

Obviously trade and economics are vitally important to any country's well-being but we can't help wondering if perhaps there isn't a darker side to the new sanctity to which trade has been attributed.

In this so-called era of globalization and openness it is important to remember that companies and especially multinationals are not patriots. The period of history when banks like Barclay's funded foreign excursions and great trading companies like the East India Company propped up kings and regimes is a thing of the past. Businesses' only loyalties are to their bottom lines and shareholders. When the going gets tough, they flee. And that doesn't matter if it is European oil giants, Thai conglomerates in China or U.S. companies that are part of American folklore. The leaching of jobs to developing markets such as Mexico has been one of the main reasons the U.S. economy's rapid 4 percent growth over the last 18 months failed to produce jobs. Another is that companies enjoying healthy profits are pouring the money into technology not wages.

This is not to say that studious devotion to making money is a bad thing. Profits are what businesses are about and a healthy economy uplifts living standards. But governments, especially ones the size of the U.S., must be careful they are not destabilizing the international order with the zealousness of their market pursuits.

Difficult questions

Elevating trade to this mantle of No. 1 national priority also exposes governments to some difficult moral questions.

Singapore is one example. Several years ago, the mandarins who run the island state decided it needed to broaden its economic base and the government launched a campaign urging companies to invest more in the region — specifically India, Vietnam and Burma. Burma, however, raised problems because of the illegitimacy of its government and the dangers inherent in doing business there.

But where businessmen may balk, the Singapore government has boldly stepped in. Singapore is now one of the largest investors in Burma and nearly all the companies doing businesses there are substantially owned by the government. When questioned about the morality of doing business in Burma, Singapore falls back on the refrain that business and politics should not be mixed. In this instance, though, the Singapore government is taking an active role in supporting a rogue government that businesses, if left to their own judgment, may not have.

Certainly trade and economic growth are good — but they are not everything.

And blind devotion to the cause of free trade may not only be morally dubious in certain situations, it may be even dangerous when pursued with the aggressiveness Washington and other nation states are now employing.

Meeting Held To Clarify Maritime Legalities

BK0507095095 Bangkok THE NATION in English 4 Jul 95 p A3

[Report by Rita Patiyasewi]

[FBIS Transcribed Text] Phuket—Delegates from 11 countries began a three-day meeting yesterday to clarify and discuss legal technicalities to contain potential conflicts in the South China Sea, the Foreign Ministry's director for International Studies said.

Speaking at the opening of the meeting, Arun Phanuphong urged over 50 participants to work within the perspective of the "new international maritime order" to prevent maritime conflicts.

He said oceans, which cover about 70 percent of the world's surface, have become vital in terms of resources, communications, transportation and environmental protection. The "universal" code of conduct was to put forward duties and obligations for all countries, whether coastal or land-locked, so that they could coordinate their activities and share benefits from the oceans' resources on an equitable basis.

Arun said countries that support the 1982 United Nations Convention on the Law of the Sea, which came into force on Nov 16 last year, could use it as an acceptable framework for cooperation in the region.

Earlier, a senior Foreign Ministry official said the meeting was not aimed at solving conflicts in the South China Sea, including the Spratly Islands. He said the meeting was to provide a floor for countries concerned to exchange information and learn the relevant international law.

The Spratlys have been claimed by China, the Philippines, Brunei, Vietnam, Taiwan and Malaysia.

Dr Hashim Jalal, Indonesian ambassador at large for Law of the Sea and Maritime Affairs, said the convention would provide a good basis for development and cooperation between countries, and urged those who have not ratified the 1982 convention to intensify their efforts to do so.

China, Laos, Cambodia, Thailand, Malaysia and Brunei have signed the convention but have yet to ratify it.

Jalal said he was confident that the meeting hosted by Thailand would help participants diffuse maritime tension, avoid conflicts and focus on mutual development.

"The meeting would provide legal experts to show cooperation was possible despite differing territorial claims in the area, and that cooperation among countries could start working on solutions to their differences," he said.

Academic Urges China To Form Spratlys Code

BK0607105995 Bangkok THE NATION in English 6 Jul 95 p A5

[Report by Don Pathan]

[FBIS Transcribed Text] China should take the lead in establishing a code of conduct for the claimants of the Spratly Islands to prevent possible conflicts in the area, Prof Lee Lai To, the deputy head of the Department of Political Science at the National University of Singapore, said yesterday.

Speaking at an international symposium in Bangkok, Lee said all claimants to the islands, with the exception of Brunei, already had troops stationed at various places in the Spratlys. He warned that the militarization of the area could easily produce armed conflict either by accident or design.

"As the biggest military power among the claimants, and probably the one most feared by the other claimants, it would help if China took the lead in working out measures with other disputants in order to preserve peace and stability in the area," Lee said.

The international symposium, called "Message from Asia", was sponsored by four regional newspapers and held at the Oriental Hotel.

Lee said the initiative by the Association of Southeast Asian Nations (Asean) known as the 1992 Asean Declaration on the South China Sea, which requested that all claimants of the Spratlys refrain from using force to try to settle their territorial disputes, is insufficient because it only addressed the problem of territorial disputes in principle without considering individual claims to sovereignty.

According to Lee, Asean's Institute of Strategic and International Studies (Isis) recently proposed to a meeting of senior Asean officials a memorandum urging Asean governments to consider concrete measures to deal with the territorial disputes.

He said the Isis also urged that Asean governments, especially those which are claimant states, to exchange defence chiefs to promote dialogue and encourage military transparency.

Prof Chen Qimao of the Shanghai Center for International Studies said the Asean-Isis proposals were "interesting" and suggested that China take them into consideration. However, he insisted that the claimants of the Spratlys drop sovereignty claims and adopt some sort of joint development approach as a way of solving the problem of of territorial disputes.

Suphachai Urges Easing SRV ASEAN Transition

BK0607144695 Bangkok BUSINESS DAY in English 6 Jul 95 p 2

[FBIS Transcribed Text] Departing deputy prime minister Suphachai Phanitchaphak urged his successor to the external economic affairs portfolio to take a leading role in easing Vietnamese transition to a fully fledged Association of Southeast Asian Nations (Asean) member.

Vietnam, scheduled to join the trading bloc this month, was still characterized by economic backwardness, said Dr Suphachai, and Thailand could play an important role in the pace of its advancement.

Dr Suphachai said he thought Nam Thai leader Amnuai Wirawan, who is expected to take the post, could assist Vietnam by concentrating on a timeframe for Vietnam to move on to membership of the Asean Free Trade Agreement (Afta).

Afta membership allows a country's industries to take part in a tax reduction scheme, which should be carried out on a step-by-step basis in the case of Vietnam, Dr Suphachai added.

He said that of the many important economic matters requiring the new government's attention, a framework for Asean progress was a paramount concern.

He urged Dr Amnuai to play a leading role in the Asean Economic Ministers' Meeting scheduled for September. The meeting should serve as a venue for Thailand to bring up points of common interest and set a course for the Asean summit meeting Thailand will host in December.

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